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SAN FRANCISCO
HOUSING AUTHORITY COMMISSION

AGENDAS AND MINUTES

Nov. 19 – Dec. 12, 2002

The Minutes for the Dec. 12 meeting are not available.

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

NOTICE

A SPECIAL MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION
WILL BE HELD ON **TUESDAY, NOVEMBER 19, 2002 AT 4:00 P.M.**
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

AGENDA
November 19, 2002

1. ROLL CALL

Sululagi Palega, Sr., President
Julie Lee, Vice President
George R. Brown, Commissioner
Betty J. Smith, Commissioner
Andrew J. Clark, Commissioner
Neola Gans, Commissioner

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2. APPROVAL OF AGENDA

3. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

4. UNFINISHED BUSINESS

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF NORTH BEACH PLACE, INCLUDING A MIXED FINANCE AMENDMENT, DECLARATION OF TRUST AND RESTRICTIVE COVENANTS, GROUND LEASES, REGULATORY AND OPERATING AGREEMENT, HOPE VI LOAN DOCUMENTS, OPTION AGREEMENTS, SUBORDINATION AGREEMENTS, REVITALIZATION SERVICES AGREEMENT, CERTIFICATIONS, AND OTHER DOCUMENTS

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5. NEW BUSINESS – None

6. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

7. COMMISSIONER'S COMMENT AND REPORT

7. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94252 • (415) 554-2600

Special Commission Meeting PACKET

November 19, 2002

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SAN FRANCISCO HOUSING AUTHORITY

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A G E N D A
November 19, 2002

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GREGG FORTNER, Secretary/Executive Director

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Fra ncisco CA • 94112 • (415) 554-1200

DATE: November 18, 2002

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Sululagi Palega, Sr., President
Julie Lee, Vice President
George R Brown, Commissioner
Betty J. Smith, Commissioner
Andrew J. Clark, Commissioner
Neola Gans, Commissioner

FROM: GREGG FORTNER, SECRETARY / EXECUTIVE DIRECTOR

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF NORTH BEACH PLACE, INCLUDING A MIXED FINANCE AMENDMENT, DECLARATION OF TRUST AND RESTRICTIVE COVENANTS, GROUND LEASES, REGULATORY AND OPERATING AGREEMENT, HOPE VI LOAN DOCUMENTS, OPTION AGREEMENTS, SUBORDINATION AGREEMENTS, REVITALIZATION SERVICES AGREEMENT, CERTIFICATIONS, AND OTHER DOCUMENTS

OVERVIEW
This resolution authorizes the Executive Director to execute documents and take any actions related to closing the North Beach Place revitalization financing including a execution of a Mixed Finance Amendment, Declaration of Trust and Restrictive Covenants, Ground Leases, Regulatory and Operating Agreement, HOPE VI Loan documents, Option Agreements, Subordination Agreements, Revitalization Services Agreement, and other related documents.

PROCUREMENT
The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

The SFHA solicited responses to an RFP on January 28, 1998, requesting interested developers to submit proposals for the demolition and redevelopment of North Beach. In June 1998, the

Commission authorized the Acting Executive Director to negotiate a MOU with the highest ranked development team, North Beach Development Associates, LLC (NBDA).

As the SFHA's developer partner procured under 24 CFR 85.36, NBDA procurements are now under the HUD procurement standards of 24 CFR Part 941, "Public Private Partnerships for the Mixed Finance Development of Public Housing Units". Following these procurement standards, NBDA, in consultation with the SFHA, selected Cahill Construction and Nibbi Brothers as General Contractors.

OBJECTIVES

The objectives of this resolution are to authorize the Executive Director to execute and submit to HUD the HOPE VI Mixed Finance closing documents for the North Beach revitalization that replaces all 229 public housing units with 138 new public housing and 91 Section 8 Project Based units while adding 112 additional affordable housing units. These documents include, but are not limited to:

(1) Mixed Finance Amendment to the Annual Contributions Contract allowing ACC payments to be made to the North Beach mixed finance development. (ATTACHMENT 1).

(2) Declaration of Trust and Restrictive Covenants that passes on the HUD restrictions on the use of land to the 138 public housing units for the duration of the ACC. All private construction and permanent loans are subordinate to the Declaration.

(3) Residential Ground Lease under which the SFHA leases the land to the Partnership for a term not to exceed 75 years and through which the SFHA will receive a portion of cash flow. The SFHA continues to own the land and passes on public housing restrictions through the Regulatory and Operating Agreement.

(4) Commercial Ground Lease under which the SFHA leases the land to the Partnership for a term not to exceed 40 years and through which the SFHA will receive a portion of cash flow.

(5) Regulatory and Operating Agreement which passes through the ACC subsidy to the operator of the public housing units and imposes the public housing restrictions including categories of tenants eligible for units and a provision that all relocated residents in good standing have first right to return to the new housing.

(6) SFHA Loan Documents that provide for loan of HOPE VI funds to the Partnership.

(7) Options and Rights of First Refusal that give the SFHA the option to purchase the residential improvements after 15 years, commercial improvements after 20 years or before any other buyer at other times under terms described below in Budget Considerations.

(8) Management Agreement that provides for private management to manage the development.

(9) Management Plan that specifies in detail who is eligible, how the residents will be selected and how the development will be managed.

(10) HOPE VI Rental Term Sheet that summarizes the revitalization, financing and parties involved in the transaction (ATTACHMENT 1).

(11) Certifications and Memoranda pursuant to HOPE VI Program requirements and legal opinions required by HUD.

(12) Other Evidentiaries to which the SFHA is not a party including: limited partnership agreement and syndication documents, Citibank F.S.B. loan agreement and related security documents, City and County of San Francisco loan agreement and related security documents, Citibank Affordable Housing Program Direct Subsidy Agreement and related documents, certifications and legal opinions related to HOPE VI requirements, completion, repayment and deficit guaranties related to construction.

PRESENT SITUATION

On May 16, 1997, HUD executed the grant agreement with the San Francisco Housing Authority in the amount of $20 million to revitalize North Beach, $10 million less than the amount in the SFHA's HOPE VI application. A Modernization Study, dated July 1997, determined that it was more cost efficient to demolish the original buildings and reconstruct new public housing facilities rather than renovate and modernize existing obsolete facilities.

Following procurement of the developer partner, the SFHA and NBDA prepared and submitted a HOPE VI Revitalization Plan to HUD with schematic drawings, a mixed financing plan, draft self-sufficiency plan, relocation plan and interim management plan. HUD approved the Revitalization Plan in June 1999. Refinements were made to the plan with better orientation to the surrounding neighborhood, more defensible space, apartments with individual entrances, a smaller commercial component and reduced costs. The plan rebuilds 229 public housing and Section 8 replacement units and adds 112 apartments affordable for working families. It also includes extensive community facilities, a recessed parking garage, retail and commercial space, and 3,000 square feet of resident business incubator space.

There have been approximately four meetings per month with residents and/or the community over the past six years during the planning process. These meetings will continue until the development is rebuilt and residents have re-occupied the new housing. During this process, there has been considerable controversy around relocation. Since 1998, the SFHA, NBDA and the Mayors Office of Housing (MOH) as a major source of funding developed a feasible plan for demolishing and rebuilding the site and closed the financing gap with a commitment of $10 million from the Mayor and a commitment from MOH to support a very large allocation of nine percent competitive tax credits. MOH conditioned their commitments on the project moving forward in one phase. On May 29, 2002, the project was awarded approximately $53 million in a combination of state and federal low income housing tax credits. All residents have now been relocated, demolition on the East Block is complete and demolition on the West Block is underway.

There have been a number of prior Commission actions in preparation for the North Beach revitalization. In April of 1999, the Commission authorized the Acting Executive Director to enter into a Memorandum of Understanding (MOU) and execute Predevelopment Loan

Agreement with NBDA. HUD approved an Amended and Restated MOU in December 1999. In January of 2001, the Commission authorized the expenditure of up to $5,224,098 for the predevelopment related activities to support the project. In October 2001, the Commission authorized execution of the Disposition and Development Agreement (DDA) between NBDA and the SFHA and submission of a Disposition application to HUD that was approved on June 6, 2002.

The terms of the DDA constitute the principal terms of agreement between the SFHA and NBDA on the design, construction, financing, performance schedule, ownership, management and re-purchase options. The DDA established the project parameters to be used to prepare the request for financing commitments from private lenders, public agencies, the California Tax Credit Allocation Committee (TCAC), and other investors.

Ownership of the Project following completion of construction will consist of: (a) a Limited Partnership that will own the Residential Component, i.e. all housing units, community facilities and associated parking spaces (the "Housing LP"), and (b) a Limited Liability Company that will own the Commercial Component, i.e. retail space, resident business incubator and associated parking spaces (the "Commercial LLC").

During construction, BRIDGE 's 501 (c) (3) nonprofit affiliate will act as the managing general partner of the Housing LP. NBDA and North Beach Housing, Inc., a new nonprofit 501 (c)(3) with representatives from BRIDGE, the SFHA and a public housing resident, will act as special limited partners of the Housing LP. The tax credit investor, Related Capital Company, will be the limited partner and provide $48 million in tax credit equity. Upon completion of construction and granting of 501 (c)(3) status, the North Beach Housing, Inc. will become managing general partner of the Housing LP.

North Beach Housing, Inc. will have a board made up of two SFHA appointees (one reserved for a tenant representative) and three BRIDGE appointees. Its bylaws require a supermajority (i.e. 4 out of 5 votes) for any amendment of the affordability levels of Project units, or other matters related to Public Housing requirements, the tenant selection criteria, the local hiring policies, the bylaws themselves, or any sale, lease, refinancing or transfer of the property.

The Project will be financed with a combination of public and private funds including:

- $23.2 million in HOPE VI Revitalization and Demolition Grant funds from the SFHA.
- $10 million in financing from the San Francisco Mayor's Office of Housing ("MOH").
- $1 million Affordable Housing Program ("AHP") subsidy from the Federal Home Loan Bank.
- $51.3 million private residential mortgage financing
- $4.3 million private commercial mortgage financing
- $48 million in private equity generated by the syndication of low-income housing tax credits.

Another key element of the project's financing plan is the award of 119 enhanced Section 8 Vouchers that provide an income stream for the development's long-term residential mortgage (91 for replacement public housing units and 28 for new tax credit units).

Developer Guarantees

NBDA will guarantee to the tax credit investors the completion of construction, the payment of

any operating shortfalls (for a fixed number of years) and delivery of all projected tax credits.

In addition, NBDA will guarantee the repayment of the Project's construction loan and, if required, the Project's long-term commercial mortgage loan. NBDA will also provide a completion guaranty to the SFHA.

Property Management

The property manager during the initial period of tax credit compliance will be the John Stewart Company, which currently has over 22,000 units under management throughout California (the majority of which involve HUD financial assistance or low income housing tax credits).

BUDGET CONSIDERATION

An analysis of the financial returns of the North Beach revitalization, based on the October 29, 2002 proforma, has been performed by the SFHA's financial advisor, CSG. SFHA receives two primary forms of return in this transaction – buildings and money. These returns are designed to compensate SFHA for its contributions:

- the long-term lease of two city blocks;
- pass-through of its $20,000,000 HOPE VI revitalization grant;
- pass-through of its $3,205,325 HOPE VI demolition grant;
- considerable staff time and resources to structure and execute the revitalization; and
- ongoing oversight and reporting to HUD on the public housing units.

Buildings

The major benefit of the North Beach HOPE VI revitalization is the replacement of the original 229 public housing units with 229 new public housing and project-based Section 8 replacement units. The North Beach relocatees and other SFHA residents will be much better served by this new development. Initially, the SFHA will not own the improvements being constructed on the site including: 229 replacement housing units; 112 other affordable housing units, community facilities and 21,500 square feet of commercial space. The SFHA will have options to purchase all buildings on the site, starting as early as 12 years from closing. The financial structure of the project is specifically designed to permit reacquisition by the SFHA (or its designated nonprofit affiliate), with minimal outlay of its own funds, in the shortest time permissible within regulatory and financing constraints.

Residential purchase option

The SFHA will have the option to purchase all 341 housing units at the North Beach site starting 12 years from closing. The purchase price is the lowest amount allowed by the IRS in this type of transaction – the sum of debt on the property plus the exit taxes of the departing limited partner. Under current projections, and assuming the SFHA exercises its option 15 years from closing, this translates to assuming approximately $7.8 million of remaining debt on the property and paying no exit taxes because none are incurred. The assumed debt is projected to be easily supported by the operating income of the property.

Commercial purchase option

The SFHA will have the option to purchase the commercial space at North Beach starting 20 years from closing. The purchase price is 70 percent of fair market value. It will be the responsibility of the owner, not the SFHA, to pay off any loans and transfer the commercial

property to the SFHA without debt. The SFHA should be able to finance the purchase by borrowing funds against the income produced by the commercial leases. Since banks will generally finance 75 to 80 percent of the fair market value of the project, the SFHA should be able to use the 30 percent "instant equity" created by the discounted sales price to leverage the remaining funds needed for the purchase. Since the purchase price and the loan are both linked to the fair market value, this provision should enable the SFHA to acquire the commercial project without contributing any funds, regardless of project value.

In summary, by the end of 20 years of operation of the project, it is reasonably anticipated that the entire property, ground and structures, will be owned by the SFHA or its designated nonprofit affiliate. Should the SFHA be unwilling or unable to purchase the buildings, the buildings will eventually revert to SFHA ownership at the end of the ground leases (75 years for the residential structures, 40 years for the commercial). Because SFHA does not initially own the buildings, SFHA does not pay the costs of staffing and running them. Prior to any future repurchase, professional property management services will be provided by John Stewart Company at no cost to SFHA. SFHA will receive a portion of cash flow from the lessees as a ground lease payment. SFHA will retain an oversight role with regard to the public housing units, and it will be compensated for this work and related HUD reporting through an oversight fee effectively paid by the project. SFHA contributes up to 95 percent of annual operating subsidy per unit for operation of the ACC public housing units at North Beach. The remaining five percent is retained by the SFHA for administrative and oversight costs.

SFHA Financial Return

In addition to the buildings, the North Beach HOPE VI revitalization brings significant financial returns to the SFHA. The table on the following page summarizes the major financial benefits.

Summary of Components of SFHA Financial Return on North Beach

Component	Present Value	Notes
SFHA cost reimbursements and administrative fee	$5,511,583	Mostly cost reimbursement to the SFHA for project management, resident relocation, and other costs for revitalization. $1,658,509 of total is administrative fee.
Ground lease – One-time upfront payment	$0 to $1,100,000	Full amount will be held as a reserve to guarantee SFHA performance during lease-up. The full $1.1 million will be released to the SFHA less any lease-up delay costs attributable to SFHA processing.
Ground lease – Ongoing annual payments from residential portion of development	$5,000,000	Over 15 years prior to assumed SFHA purchase of residential buildings.
Ground lease – Ongoing annual payments from commercial portion of development	$600,000	Over 20 years prior to assumed SFHA purchase of commercial buildings.
Initial operating deficit reserve	$0 to $200,000	Reserve to subsidize tenant rents during lease-up prior to receiving ACC subsidy from HUD. Any unused portion will be released to the SFHA once ACC subsidies are in place.
Excess development proceeds	$0 to 4,000,000	The SFHA will receive 58% of any development cost savings and unused contingency funds on the residential buildings.
Total	$11.1 to 16.4 million	

Note: in the case of future income streams and value received in future years, we have used a discount rate of five percent, representing SFHA's likely return on an alternative investment, since SFHA alternative investments are constrained by law.

Developer Fee

NBDA will receive a total net developer fee from the Project as follows:

Residential Developer Fee:	$1,560,000
Commercial Developer Fee:	750,482
Preconstruction Services (PSA) Fee:	500,000
Prepaid Management Fee:	440,000
TOTAL	$3,250,482

A portion of the Residential Developer Fee is being paid as development overhead during the predevelopment phase, and the Pre-construction Services Fee is being paid during the course of the demolition of the two blocks of existing housing. The remainder of the total fee will be paid during and after construction and upon Project completion. NBDA will also receive 15 percent of any cost savings, up to a maximum of $1 million.

WHO BENEFITS

A mixed-use development is a unique endeavor for public housing in the United States and a unique opportunity for the San Francisco Housing Authority to develop income-generating property while rebuilding public housing and adding additional affordable housing to the City's housing stock. When completed, North Beach will be used to demonstrate to local public housing residents, residents of the Bay Area, and tourists from all over the world, that public housing in San Francisco is safe, comfortable, and compatible with adjacent neighborhoods.

Completing this final step in the predevelopment process will benefit North Beach residents, the SFHA and the City by allowing construction to move forward.

RESIDENT HIRING

The resident hiring for demolition and construction of North Beach is progressing under the North Beach Resident Hiring Plan. The process is managed by NBDA's Resident Hiring Coordinators working with the SFHA's Resident Hiring Coordinator. The most recent NBDA reporting of resident hiring, in accordance with the North Beach Resident Hiring Plan, for the period of time through October 28, 2002, is as follows:

- 47.63 percent for the development team
- 4.62 percent for the consultant team
- 37.65 percent for the construction team

MBE/WBE PARTICIPATION

North Beach Development Associates (NBDA) is a joint venture developer that includes EM Johnson Interests, Inc, an MBE development company. In addition, the General Contractor, Cahill/Nibbi is negotiating with a local MBE contractor who will construct a carve-out of the development under contract with Cahill/Nibbi. To date, the Consultant Team is 43.51 percent MBE and 8.08 percent WBE. The Construction team for demolition is 32.4 percent MBE. During construction, MBE/WBE participation will be at least 20 percent.

RECOMMENDATION

Staff recommends adoption of this resolution.

(Prepared by: Barbara Smith)

RESOLUTION NO. _____

DATE ADOPTED _____

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF NORTH BEACH PLACE, INCLUDING A MIXED FINANCE AMENDMENT, DECLARATION OF TRUST AND RESTRICTIVE COVENANTS, GROUND LEASES, REGULATORY AND OPERATING AGREEMENT, HOPE VI LOAN DOCUMENTS, OPTION AGREEMENTS, SUBORDINATION AGREEMENTS, REVITALIZATION SERVICES AGREEMENT, CERTIFICATIONS, AND OTHER DOCUMENTS

WHEREAS, Resolution 4998, adopted on October 11, 2001, authorized the San Francisco Housing Authority ("SFHA") to enter into a Disposition and Development Agreement dated as of March 12, 2002, with North Beach Development Associates, a California Limited Liability Company, to revitalize 229 units of public housing units owned by the SFHA commonly known as the "North Beach Projects" located on two separate parcels of land: one located between Mason, Taylor, Bay and Francisco streets, and the other located between Taylor, Columbus, Bay and Francisco streets in San Francisco, California; and

WHEREAS, revitalization of the North Beach Projects will consist of the demolition of existing improvements and construction of 341 new units of affordable housing, of which 253 units will be reserved for public housing and Section 8 residents, and 17,300 square feet of community space and childcare facilities (the "Residential Development"), and approximately 20,000 square feet of commercial space (the "Commercial Development") to be known as North Beach Place (the Residential Development and the Commercial Development may be referred to collectively as the "Development"); and

WHEREAS, in November 1996, the U.S. Department of Housing and Urban Development ("HUD") awarded SFHA a grant of HOPE VI funds in the approximate amount of $20,000,000 for the revitalization of the North Beach Projects; and

WHEREAS, following Commission authorization for execution of the HOPE VI grant agreement between the SFHA and HUD, in May 1997 HUD executed the grant agreement; and

WHEREAS, the Residential Development is to be financed with HOPE VI funds, low income housing tax credits, and other loans; and

WHEREAS, in order to achieve the benefits of tax credit financing, the Residential Development will be owned by a limited partnership known as North Beach Housing Associates, a California limited partnership (the "Partnership"); and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into a Ground Lease and Memorandum of Ground Lease with the Partnership, for a term not to exceed 75 years, to lease the real property on which the Residential Development will be constructed; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into a Ground Lease and Memorandum of Ground Lease with North Beach Retail Associates, LLC, a California limited liability company ("NBRA"), for a term not to exceed 40 years, to lease the real property on which the Commercial Development will be constructed; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into a HOPE VI Construction/Permanent Loan Agreement and related documents with the Partnership in order to provide a loan of HOPE VI funds for the Residential Development in an amount not to exceed $14,488,417 (the "HOPE VI Loan"), such related documents to include a Revitalization Services Agreement, Intercreditor Agreement, Regulatory and Operating Agreement, Affordability Reserve Escrow Agreement, subordination agreements to assure the priority of the HOPE VI Loan over a loan from the City and County of San Francisco in the amount of $10,000,000 (the "City Loan"), and a loan of Federal Home Loan Affordable Housing Program loan through Citibank F.S.B.("Citibank") in the amount of $1,000,000 (the "AHP Loan"); and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to induce Citibank to provide additional financing to the Partnership for the Residential Development in an amount not to exceed $54,000,000 (the "Citibank Residential Loan") by entering into a subordination agreement with the Partnership and Citibank to subordinate the HOPE VI Loan deed of trust to the Citibank Residential Loan deed of trust; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to execute certain documents and certifications for the benefit of HUD in connection with the HOPE VI Loan including, a Mixed-Finance Amendment to the Annual Contributions Contract, a Declaration of Trust and Restrictive Covenants, a Certification Re: Permits and Approvals, and HOPE VI Certifications; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to execute a Subdivision Map in order to create the parcels upon which the Residential and Commercial Developments will be constructed and enter into a Declaration Establishing Reciprocal Easements and Covenants Running with the Land (the "Reciprocal Easements Agreement") and a Notice of Special Restrictions in order to establish efficient use, maintenance and control of structures to be constructed on the Residential and Commercial Developments; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into a Purchase Option Agreement and Right of First Refusal and a Memorandum of Purchase Option Agreement and Right of First Refusal with the Partnership to purchase the Residential Development (the "Residential Purchase Option") from the Partnership at the end of the 15 year tax credit compliance period applicable to the Residential Development; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into subordination agreements with the Partnership to subordinate the Residential Purchase Option to the Citibank Residential Loan, the City Loan and the HOPE VI Loan; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into a Purchase Option Agreement and Right of First Refusal and a Memorandum of Purchase Option

Agreement and Right of First Refusal with NBRA to purchase the Commercial Development (the "Commercial Purchase Option") from NBRA after 20 years; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into a subordination agreement with NBRA to subordinate the Commercial Purchase Option to a loan from Citibank in the approximate amount of $5,000,000 (the "Citibank Commercial Loan") for the construction of the Commercial Development; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to submit the evidentiary documents to HUD for its approval; and

WHEREAS, all documents will be subject to any required HUD approvals, as well as to approval by SFHA general and special legal counsel.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The SFHA shall enter into a Ground Lease and a Memorandum of Ground Lease with the Partnership for a term not to exceed 75 years to lease the real property on which the Residential Development will be constructed.

2. The SFHA shall enter into a Ground Lease and a Memorandum of Ground Lease with NBRA for a term not to exceed 40 years to lease the real property on which the Commercial Development will be constructed.

3. The SFHA shall enter into a HOPE VI Construction/Permanent Loan Agreement, Revitalization Services Agreement, Intercreditor Agreement, Regulatory and Operating Agreement, Affordability Reserve Escrow Agreement, and subordination agreements with Citibank and the City, to provide HOPE VI funds in an amount not to exceed $14,488,417 to the Partnership for the development and construction of the Residential Development.

4. The SFHA shall execute a Mixed-Finance Amendment to the Annual Contributions Contract, a Declaration of Trust and Restrictive Covenants, a Certification Re: Permits and Approvals and HOPE VI Certifications for the benefit of HUD in connection with the HOPE VI Loan.

5. The SFHA shall enter into a Purchase Option Agreement and Right of First Refusal and a Memorandum of Purchase Option Agreement and Right of First Refusal in connection with the Residential Development.

6. The SFHA shall enter into agreements to subordinate the Residential Purchase Option to the Citibank Residential Loan, the City Loan and the HOPE VI Loan.

7. The SFHA shall enter into a Purchase Option Agreement and Right of First Refusal and a Memorandum of Purchase Option Agreement and Right of First Refusal in connection with the Commercial Development.

8. The SFHA shall enter into an agreement to subordinate the Commercial Purchase Option to the Citibank Commercial Loan.

9. The SFHA approves the evidentiary documents and their submission to HUD.

10. Each of the foregoing documents and instruments shall take effect only upon HUD approval of the actions and documents described above.

11. The Executive Director of the SFHA, or his designee, is authorized to execute, with such modifications as the Executive Director shall deem necessary or required to effect the intent of these resolutions, ground leases, memoranda of ground lease, HOPE VI Construction/Permanent Loan Agreement, Revitalization Services Agreement, Intercreditor Agreement, Regulatory and Operating Agreement, Affordability Reserve Escrow Agreement, subordination agreements, Mixed-Finance Amendment to the Annual Contributions Contract, Declaration of Trust and Restrictive Covenants, Certification Re: Permits and Approvals, HOPE VI Certifications, purchase option agreements and rights of first refusal, memoranda of purchase option agreements and rights of first refusal, and may execute such other documents, and approve and submit the evidentiary documents to HUD, and take such other actions as he deems necessary to effect the transactions described above or contemplated in these resolutions, subject to required HUD approvals and the approval of SFHA legal counsel.

12. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

CARL L. WILLIAMS, General Counsel

Date: 11-18-02

REVIEWED BY:

Gregg Fortner, Executive Director

Date: 11/18/02

Supporting Documents

November 18, 2002

Sululagi Palega, President
Julie Lee, Vice President
Commissioner George Brown
Commissioner Betty Smith
Commissioner Andrew Clark
Commissioner Neola Gans
San Francisco Housing Authority
440 Turk Street
San Francisco, CA 94102

RE: North Beach Place HOPE VI Revitalization

Dear Commissioners:

We, the North Beach Tenants Association ("NBTA") and residents, are writing to inform the Commissioners that we have worked closely with North Beach Development Associates to develop the plans for the revitalization of North Beach Place that are to be presented to your Commission on Tuesday, November 19, 2002.

We urge you to approve the agenda items to be presented to the Commission to ensure that our homes can be rebuilt as soon as possible.

Thank you for your support.

Sincerely,

Cynthia Wiltz, President, NBTA

Benita Grayson, Vice President, NBTA

Bethola Harper, Treasurer, NBTA

Beverly Williams, Parliamentarian, NBTA

Lorraine Bender, Resident

NORTH BEACH PROFORMA SUMMARY

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RESIDENTIAL

	Year 2 2006	Year 5 2009	Year 10 2014	Year 15 2019	Total Over 15 Years
Income					
Rental income from tenants & Sect. 8 (341 units)	4,545,276	4,864,013	5,447,685	6,104,317	78,478,480
Rental income from ACC subsidy (138 units)	336,052	372,546	442,389	525,325	6,264,866
Less vacancy (5%)	-244,066	-261,828	-294,504	-331,482	-5,747,633
Other income	2,945	3,148	3,519	3,933	250,718
Total income	4,640,206	4,977,879	5,599,089	6,302,093	79,246,431
Expenses					
Operating expenses	1,790,057	1,984,573	2,356,860	2,798,985	33,368,779
Net operating income	2,850,149	2,993,306	3,242,229	3,503,108	45,877,652
Replacement reserve deposits	120,395	133,484	158,537	188,292	2,158,059
Citibank mortgage debt service	2,335,106	2,335,106	2,335,106	887,019	27,415,082
GP Partnership and LP asset management fees	36,050	39,393	45,667	52,941 *	650,962
Remaining cash	358,598	485,323	702,918	2,374,856	15,653,549
GROUND LEASE PAYMENT TO SFHA	*137,788*	*188,274*	*275,588*	*1,527,026*	*8,511,500*
SFHA HOPE VI loan debt service	0	0	0	0	0
MOH loan debt service	108,378	153,333	236,154	589,933	4,407,112
NBHA incentive management fee	112,432	143,716	191,176	257,897 *	2,734,937
Remaining cash	0	0	0	0	0

** Partnership, asset mgmt., and incentive mgmt. fees would end after SFHA buyout, leaving additional cash for SFHA.*

COMMERCIAL

	Year 2 2006	Year 5 2009	Year 10 2014	Year 15 2019	Year 20 2024	Total Over 20 Years
Income						
Trader Joe's lease (12,150 SF @ $2.92/SF)	425,736	425,736	489,596	563,036	647,491	10,629,297
Other retail leases (5,004 SF @ $3/SF)	186,449	206,719	245,518	291,598	346,327	5,094,415
Less vacancy (25% of other retail)	-46,612	-51,680	-61,379	-72,900	-86,582	-1,425,074
Effective gross revenue	565,573	580,776	673,734	781,735	907,237	14,298,638
Expenses						
Operating expenses (10% of rent)	61,219	63,246	73,511	85,463	99,382	1,572,371
Lease commissions	30,609	25,298	22,053	25,639	25,639	497,356
Net operating income	473,745	492,232	578,170	670,632	782,216	12,228,911
Citibank debt service	370,595	370,595	370,595	370,595	370,595	7,133,954
NBRA preferred return on equity	53,544	53,544	53,544	53,544	53,544 **	1,070,880
Remaining cash	49,606	68,093	154,031	246,493	358,077	4,024,077
GROUND LEASE PAYMENT TO SFHA (30%)	*14,882*	*20,428*	*46,209*	*73,948*	*107,423*	*1,207,223*
NBRA return (70% of cash flow)	34,724	47,665	107,822	172,545	250,654 **	2,816,854
Remaining cash	0	0	0	0	0	0

*** NBRA returns would end after SFHA buyout, leaving additional cash for SFHA.*

NORTH BEACH SUMMARY

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PHYSICAL IMPROVEMENTS

Affordable Housing Units	
Public Housing	138
Section 8	119
Tax Credit Only	84
Total housing units	341

Non-Residential Space	
Child care facility	3,500 sq. ft.
Community room with kitchen	3,000 sq. ft.
Teen and computer learning center	4,200 sq. ft.
Resident business incubator	3,000 sq. ft.
Retail	17,000 sq. ft.
Parking	323 spaces

Target Resident Incomes (as a percentage of area median income)	
Below 30%	93
Below 35%	89
Below 40%	47
Below 45%	0
Below 50%	82
Below 55%	28
Below 60%	2
Total units	341

SOURCES AND USES OF FUNDS

During Construction

Sources of Funds	
Tax credit and developer equity	11,108,000
HUD HOPE VI revitalization grant	20,000,000
HUD HOPE VI demolition grant	3,205,000
Citibank residential mortgage	51,300,000
Citibank commercial mortgage	4,092,000
SF Mayor's Office of Housing loan	10,000,000
AHP loan	1,000,000
Other	1,379,000
Total sources	102,084,000

Uses of Funds	
Acquisition, predevel. & finance	7,413,000
Construction	72,798,000
Interest during construction/leasing	4,750,000
Contingencies	7,649,000
Reserves	0
Other	995,000
Developer-related fees:	
Preconstruction services fee	500,000
Developer fee	1,147,000
Prepaid management fee	220,000
SFHA-related fees & costs:	
Capitalized ground lease	1,100,000
Relocation/reoccupancy	1,700,000
SFHA mgmt. improvements	1,457,000
SFHA costs	696,000
SFHA administrative fee	1,659,000
Total uses	102,084,000

Permanent

Sources of Funds	
Tax credit and developer equity	48,456,000
HUD HOPE VI revitalization grant	20,000,000
HUD HOPE VI demolition grant	3,205,000
Citibank residential mortgage	19,632,000
Citibank commercial mortgage	4,092,000
SF Mayor's Office of Housing loan	10,000,000
AHP loan	1,000,000
Other	1,379,000
Total sources	107,764,000

Uses of Funds	
Acquisition, predevel. & finance	7,757,000
Construction	72,798,000
Interest during construction/leasing	4,750,000
Contingencies	8,642,000
Reserves	2,977,000
Other	995,000
Developer-related fees:	
Preconstruction services fee	500,000
Developer fee	2,293,000
Prepaid management fee	440,000
SFHA-related fees & costs:	
Capitalized ground lease	1,100,000
Relocation/reoccupancy	1,700,000
SFHA mgmt. improvements	1,457,000
SFHA costs	696,000
SFHA administrative fee	1,659,000
Total uses	107,764,000

Summary of North Beach Documents

1. Rental Term Sheet—This is a HUD HOPE VI required form that summarizes the entire North Beach development and sets out certain deal terms, such as the number of units, unit sizes, ownership structure, reserves, sources and uses of funds, developer fees and public housing operating subsidy methodology. Many of the substantive terms of the Rental Term Sheet are duplicated in the Mixed Finance Amendment to the Annual Contributions Contract (see #2 below).

2. Mixed Finance Amendment to the Consolidated Annual Contributions Contract (ACC)—This a HUD HOPE VI required document. It amends the San Francisco Housing Authority's (SFHA) existing Annual Contributions Contract (ACC) with HUD specifically for North Beach. Each of the SFHA's HOPE VI projects (Hayes Valley, Bernal Dwellings and Plaza East) has its own Mixed Finance Amendment. The various exhibits to this document describe the parties to this transaction, the financing, the unit mix, the flow of funds into the project during construction, and the list of all evidentiary documents that must be approved by HUD.

3. Ground Lease Agreement (Residential)—This agreement will convey a leasehold interest in the residential parcels of the subdivided property to North Beach Housing Associates (NBHA), which is a limited partnership comprised of BRIDGE Housing Corporation, John Stewart Company, and Em Johnson Interest as the joint developer partners and Related Capital Company as the investor limited partner paying $48 million in equity toward building the development. The SFHA has the right to appoint two representatives to the board of directors of a nonprofit corporation, which will serve as a special limited partner of NBHA during construction. Pursuant to the bylaws of this corporation and to NBHA's partnership agreement, NBHA may not alter the public housing or affordability restrictions on the project, resident hiring requirements, tenant selection criteria without the approval of the SFHA's representatives. After completion of construction and receipt of a determination of 501(c)(3) tax-exempt status from the IRS, this nonprofit corporation will become the Managing General Partner of NBHA.

Under the Ground Lease, NBHA will be obligated to make certain payments to the SFHA, including:

a) 57% of cost savings achieved on the project after completion of construction (the other 43% will be divided between the Mayor's Office of Housing (28%) and the developer (15% up to a maximum of $1,000,000).
b) A payment of $1.1 million after completion of lease-up, less any costs NBHA suffers as a result of SFHA-caused delays in lease-up.
c) A payment of $975,000 to fund an Affordability Reserve for the ACC units, in case of reduction or elimination of the public housing ACC operating subsidy from HUD.
d) A payment of $200,000 to fund the Initial Operating Period Reserve, which will pay for operations of the public housing units after lease-up and prior to start up of HUD public housing ACC subsidies for the new housing (any unused funds will pass to SFHA).

e) 70% of Residual Receipts from the 91 Section 8 units, which, together with the 138 ACC units, comprise the 229 Public Housing Replacement units.

The term of the Ground Lease is 75 years, which is identical to Bernal Dwellings and Plaza East. The term is so long because it needs to be longer than the 55-year affordability restrictions imposed by the Tax Credit Allocation Committee (TCAC), and must allow sufficient time after those restrictions expire to permit, at least in theory, the collection of market rents to pay for previously accrued rent under this lease. SFHA will retain its fee interest in the land, encumbered only by the land use restrictions and the Declaration of Trust. It is expected that, in the 15th year of operation, the SFHA will exercise the option described below in #5 and will terminate the Ground Lease.

4. Ground Lease Agreement (Commercial)—This agreement will convey a leasehold interest in the commercial portion of the project to North Beach Retail Associates, which is comprised of the three developer partners identified above. No SFHA funds are being used to finance construction of the commercial portion of the project. The commercial portion is composed of one large parcel, already leased to Trader Joe's, and several smaller parcels. There is a 40-year term on the commercial lease, which was negotiated with the developer to permit them to contract with a strong anchor tenant and to obtain financing for construction of this portion of the development.

5. Purchase Option Agreement & Right of First Refusal (Residential and Commercial)—SFHA has an option to purchase the residential portion of the development after 15 years of operation, which is the TCAC tax credit compliance period. At this time, the investor limited partner will leave the NBHA partnership, provided the purchaser pays any exit taxes. The SFHA's financial analysts, CSG Advisors, projects that no exit taxes will be due when the SFHA's option will be ready to exercise because of the way the financing has been structured. The purchase price of the residential project will then be the amount of the outstanding debt, which is projected to be approximately $7 million. This debt may either be assumed by the SFHA or paid off as part of a refinancing of the project. After acquisition of the residential portion of the project, the SFHA's expected financial return should increase significantly as it will receive 100% of the cash flow from the 91 Section 8 units (when it previously received 70%), and 100% of NBHA's 33% share of cash flow on the 112 units funded by the Mayor's Office of Housing (MOH).

The commercial option permits the SFHA to acquire the commercial portion of the development in 20 years. The purchase price is 70% of the then-fair market value of the property and is expected to be financed by a loan taken out against the property and paid with project income. After acquisition of the commercial portion of the project, the SFHA's financial return will increase from 30% of cash flow to 100% of cash flow.

6. Declaration Establishing Reciprocal Easements & Covenants with the Land—This document provides for the owners of the commercial and residential parcels to share responsibility for any common areas and utilities. In the ground leases, the ownership entities have agreed to indemnify the SFHA for any costs to the SFHA resulting from claims arising from this document.

7. Regulatory and Operating Agreement—This agreement between NBHA and the SFHA provides for NBHA to receive up to 95% of the operating subsidy the SFHA receives from HUD for operation of the 138 public housing ACC units in the project. It also provides various reserves required by HUD to operate the project. If HUD reduces or eliminates its ACC subsidy to SFHA, this document provides procedures to keep the development financially viable.

8. Affordability Reserve Escrow Agreement—This document provides for NBHA to fund, from non-SFHA sources, a $975,000 reserve which will supplement operating revenues in the event of a reduction or elimination of the ACC operating subsidy. This reserve is the property of the SFHA for use in this development.

9. Management Agreement—This document between NBHA and its property management agent, John Stewart Company, sets out the contractual terms for the management of the residential portion of the project.

10. Management Plan—This document between the SFHA, NBHA, and the John Stewart Company sets out the tenant selection criteria, screening process and lease-up procedures to be utilized in filling vacancies at the project, both initially and over time. It is applicable to the public housing ACC units, Section 8 units as well as the tax credit units that are not subsidized by either one of those programs. This document ensures that former North Beach residents have a first right of return to the 229 replacement public housing units on the site.

11. HOPE VI Construction/Permanent Loan—By this document, the SFHA is providing a loan to NBHA a loan of HOPE VI funds in the amount of $14,488,417 to assist in the construction of the residential portion of the project. The term of the loan is 55 years. Simple interest will accrue at a rate of three percent (3%) per year during the term of the agreement. The principal and outstanding interest are due and payable to the SFHA upon expiration of the loan term. The SFHA's predevelopment loan to the developer, which was approximately $5.2 million, is part of this loan and is deemed previously disbursed.

12. HOPE VI Loan Promissory Note—This document evidences The SFHA's loan of $14,488,417 to NBHA for construction of the project. The note is nonrecourse to NBHA. It is supported by a completion guaranty by the developer, which has been capitalized by $5 million in demand notes pledged to SFHA.

13. Subordination Agreements—The SFHA will execute several subordination agreements as part of this transaction, including one to subordinate its HOPE Loan to the Citibank loan, one to subordinate its option to the other lenders, and one to subordinate the Reciprocal Easement Declaration to the Declaration of Trust. The land is not subordinated to any loans.

14. Deed of Trust Assignment of Rents & Security Agreement—This document will be executed by NBHA for the benefit of the SFHA and will be recorded against NBHA's leasehold interest in the project as security for the HOPE VI Loan.

Overview of North Beach Place Commercial Component

- The Commercial Component of the North Beach Place project is being developed by North Beach Retail Associates ("NBRA"), a limited liability company made up of the principals of the developer of the Residential Component, North Beach Development Associates ("NBDA") – BRIDGE Housing Corporation, The John Stewart Company and Em Johnson Interest, Inc.

- The Commercial Component includes 19,893 net square feet in total, including 12,059 square feet for the anchor tenant, Trader Joe's, at the corner of Mason and Bay; 2,583 square feet (no tenant yet) at the southeast corner of Taylor and Bay; 2,247 square feet (no tenant yet) at the southwest corner of Taylor and Bay; and 3,044 square feet of resident business incubator space along Bay Street.

- NBRA contracted with the Edward Plant Company (Reid Redwine) to act as its commercial broker after interviewing several local commercial brokerage firms (based on Plant's familiarity with the North Beach neighborhood).

- Of the total commercial square footage, just over 12,000 square feet has been leased to Trader Joe's, a very credit-worthy and nationally recognized specialty food and beverage retailer. This lease is for a term of 20 years (10 year initial term with two five year extensions) for an initial lease rate of approximately $2.92 per square foot per month NNN ($35 per square foot per year). This lease rate results from a blend of $3/SF/M NNN for the primary space (approx. 11,000 SF) and $2/SF/M NNN for the ancillary (less desirable) space (approx. 1,000+ SF). These lease rates were negotiated based on market comparables at the time of lease negotiation (second quarter 2002).

- The remaining approx. 5,000 square feet of retail space (not including the resident business incubator space) has not yet been leased, but NBRA and Plant Company are in discussions with a variety of fast food establishments, coffee shops and cookie stores. NBRA is projecting $3/SF/M NNN for this space, although it hopes to secure higher rates based on the desirability of the location, despite the soft retail market (and the SFHA will be receiving its share of any revenues that exceed projections). No revenue is projected from the resident business incubator space because it is more akin to social service space and it is not expected to generate revenue.

- The financing sources for the development of the commercial space are currently projected as 90% private debt and 10% equity. After payment of debt service and operating expenses, the equity will receive a priority return of 12% from cash flow and the balance will be split 70% to NBRA and 30% to SFHA (as ground lease payments).

- After 20 years, the SFHA has a 3-year option period to purchase the commercial improvements from NBRA for 30% below its fair market value (as determined at that time). NBRA's ground lease from SFHA has a 40-year term, but NBRA anticipates that the SFHA will exercise its purchase option after 20 years.

- Please refer to the North Beach Proforma dated November 5, 2002 for additional information regarding the economics of the commercial space and NBRA's financial projections.

NORTH BEACH PROFORMA: E:\North Beach\[North Beach proforma 11-05-02.XLS]summary

Date November 5, 2002

Filename E:\North Beach\[North Beach proforma 11-05-02.XLS]summary

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NOTE: Assumes that full exception rents are provided for Section 8 units in project.

COMMERCIAL COMPONENT

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November 5, 2002

1 DEVELOPMENT PROGRAM

2	RETAIL SPACE	Gross	Net Rentable	Rent/S.F.	Rent NNN	Annual Rent	Parking
3							
4							
5	Retail/Commercial Space	17,154	17,154	$2.04	$50,490	$605,880	45
6	Subtotal RETAIL/COMMUNITY Space	17,154	17,154			$605,880	45

7	Project Supportable Debt			
8				Stabilized Project
9	Grocery Retailer Lease Rate	2.92	12,150	425,736
10	Other Retail Leases	3.00	5,004	180,144
11	Incubator Space	0.00	3,180	-
12	Gross Revenue			605,880
13	Less Vacancy for Trader Joe	0%		-
14	Less Vacancy for Other Retail	25%		(45,036)
15	Less Vacancy for Incubator	0%		-
16	Less Operating Expenses	5%		(30,294)
17	Lease Commissions	5%		(30,294)
18	Net Operating Income			500,256
19	Supportable Debt		4,091,625	
20	Term		30	
21	Rate		8.30%	
22	DCR		1.25	

Construction Loan		
Total Costs	3,812,877	
Less Equity/Corporate Investment	-	
Less Incubator Grant	-	
% Total Cost	84%	
Total Construction Loan	3,812,877	
Term of Loan	27 months	-
Interest Rate	6.50%	192,073
Average Balance	1,310,627	192,073

KEY ASSUMPTIONS				
Overall Rents			Price	Amount
	Grocery Retailer	$	2.92	12,300
	Other Space	$	3.00	4,854

Equity/Corporate Investment
12% preferred + return of capital at sale

NBDA Development Fee
19% costs

Cash Flow Distribution
Corporate investor obtains Preferred Return
30% Residual Cash flow to Ground Lease
70% Residual Cash Flow to NBDA

COMMERCIAL COMPONENT

E:\North Beach\[North Beach proforma 11-05-02.XLS]Commercial Component
November 5, 2002

200 PROJECT DEVELOPMENT COSTS

201	Project Sources				
202	Commercial Mortgage		4,091,625		
203	Electric Reimbursement		8,421		
204	Foundation Grant		-		
205	Developer/Investor Equity		446,204		
206	TOTAL SOURCES		4,546,250		

207	Project Uses	Unit Cost	TOTAL COMMERCIAL COST	DEPRECIABLE BASIS	OTHER
208	Percent Attributable to Retail Space	5%			
209	Acquisition	$0.00			
210	PREDEVELOPMENT/FINANCING				
211	Architecture/Engineering	pro rata share	155,000	155,000	
212	Design Oversight	pro rata share	17,125		
213	Resident Involvement		9,375		
214	Permits & Fees	pro rata share	39,130	39,130	
215	Utility Connection Charges	pro rata share	17,000	17,000	
216	Deposit for Electric Service		8,421		
217	Permanent Loan Fees incl. Legal	2.50%	102,599		102,599
218	Legal	Estimate	24,500		24,500
219	Financial Consultant/Synd.				0
220	Applications/Reservation Fees	n/a			
221	Title & Recording/Appraisal Fees	pro rata share	9,737	9,737	
222	Entitlements	pro rata share	10,900	10,900	
223	PSA Fee	pro rata share	25,000	25,000	
224	PREVELOPMENT/FINANCE TOTAL		418,787	256,767	127,099
225	CONSTRUCTION COSTS OUT OF CONTRACT SCOPE				
226	Construction Loan Fees (fee + 20K)	0.4%	36,968	36,968	36,968
227	Construction Interest		192,073	192,073	192,073
228	Real Estate Taxes	1.50% Annual	36,957	36,957	
229	Insurance	pro rata share	55,000	55,000	
230	Utilities	pro rata share	500		500
231	Construction Management	pro rata share	30,250	30,250	
232	Auditing	pro rata share	15,000	15,000	
233	Special Inspections		7,500		
234	Soft Cost Contingency	pro rata share	53,850	53,850	
235	CONSTRUCTION COSTS OUT OF CONTRACT SCOPE TOTAL		428,098	420,098	
236	CONSTRUCTION CONTRACT				
237	Demolition/Abatement	pro rata share	160,266	160,266	
238	Site Prep	pro rata share	152,297		152,297
239	Offsite	pro rata share	29,271		29,271
240	Unit Construction (Net of Incubator)	$47.98 per sf	823,082	823,082	
241	Community Facilities/Laundry (excluding FF&E)	n/a			
234	Podium (Price per Stall)	$10,201 per space	459,056	459,056	
235	General Conditions	pro rata share	293,305	293,305	
236	Builder Fee	pro rata share	120,000	120,000	
237	TOTAL CONSTRUCTION CONTRACT		2,037,275	1,855,708	181,567
238	Construction Contingency for first half of GMP	10.0%	101,864	101,864	
239	Construction Contingency for second half of GMP	5.0%	50,932	50,932	
240	Overall Construction Contingency	7.5% hard cost	152,796	152,796	
241	CONSTRUCTION COST SUBTOTAL (ALL COSTS)		2,818,169	2,428,602	181,567
242	RESERVES/LEASE UP PERIOD COSTS				
243	Construction Interest during Lease up Period	9 months	179,268	179,268	
244	Equity/Corporate Preferred Return during Construction		107,089		107,089
245	Lease Commissions	5% first year rent	30,294		30,294
246	Tax Credit Operating Reserve (3 mnths OE + DS + RR)	n/a			
247	Public Housing Operating Reserve (6 mnths OE + DS + RR)	n/a			
248	Tenant Improvements	$15.00 per sf	257,310		257,310
249	Fit Up Budget	n/a			
250	Project Marketing				
251	Rent-Up Vacancy		201,960		201,960
252	RESERVE/LEASE UP PERIOD TOTAL		$775,921	$179,268	$596,653
253	Supplemental Development Contingency			0	
254	DEVELOPER ADMIN. COST/FEES	19.2%	733,373	733,373	
255	TOTAL DIRECT PROJECT COSTS		$4,546,250	$3,596,009	$905,319
256	INDIRECT PROJECT COSTS				
257	Relocation Consultant	n/a			
258	Temorary Relocation	n/a			
259	Tenant Self-Sufficiency	n/a			
260	SFPHA Administrative Fees	n/a			
261	TOTAL INDIRECT PROJECT COSTS		$0		
262	TOTAL PROJECT COSTS		$4,546,250	$3,596,009	$905,319
263	PROJECT SHORTFALL		(0)		

COMMERCIAL COMPONENT

E:\North Beach\North Beach proforma 11-05-02.XLS]Commercial Component
November 5, 2002

300 **PROJECT OPERATIONS**

301			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 1
302	PROJECT INCOME																
303	Trader Joes	3.0%	425,736	425,736	425,736	425,736	425,736	469,508	469,508	469,498	469,508	469,508	503,036	503,036	503,030	503,036	503,030
304	Other Retail	3.5%	180,144	186,449	192,975	199,729	206,719	213,955	221,443	229,103	237,218	245,618	254,111	263,005	272,210	281,737	291,5
305	Total Commercial Revenue	3.0%	605,880	612,185	618,711	625,465	632,455	683,551	711,039	719,790	726,812	735,114	817,147	820,041	835,246	844,773	854,8
306	Other Retail Vacancy (50% in year 1 for other retail)	25%	-108,508	-46,812	-48,244	-49,932	-51,880	-53,490	-55,381	-57,296	-59,304	-61,379	-63,528	-65,751	-68,052	-70,434	-72,0
307	Effective Gross Revenue		400,374	605,873	676,407	675,533	680,775	650,062	655,670	661,402	667,508	673,735	753,619	760,290	767,193	774,338	781,7
308	Lease Commissions		-30,294	-30,609	-24,748	-25,019	-25,208	-21,107	-21,331	-21,564	-21,804	-22,053	-24,514	-24,781	-25,057	-25,343	-25,6
309	Commercial Operating Expenses*	10%	-60,586	-61,219	-61,871	-62,546	-63,246	-70,355	-71,104	-71,870	-72,661	-73,511	-81,715	-82,604	-83,525	-84,477	-85,4
310	Project NOI		318,492	473,745	483,848	487,988	492,232	558,601	563,244	568,049	573,022	578,170	647,390	652,904	658,611	664,518	670,6
311	Debt Service on Commercial Component		-82,649	-370,595	-370,595	-370,595	-370,595	-370,595	-370,595	-370,595	-370,595	-370,595	-370,595	-370,595	-370,595	-370,595	-370,5
312	Draw from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
313	Cash Flow Available for Distribution (not ordered in priority)		225,843	103,150	113,252	117,372	121,636	140,065	192,048	197,453	202,427	207,574	276,795	282,309	288,010	293,923	300,0
314	NBDA Preferred Return on Equity**	12%	-53,544	-63,844	-53,544	-53,544	-53,544	-63,544	-63,544	-53,044	-53,544	-53,544	-53,544	-53,544	-53,544	-53,544	-53,5
315	Ground Lease	30%	-51,690	-14,882	-17,812	-18,148	-20,426	-40,338	-41,731	-43,173	-44,665	-46,209	-80,075	-68,629	-70,341	-72,114	-73,0
316	Reserve Draw																
317	LP Fee																
318	Revenue to LLC	70%	-179,609	-34,724	-41,795	-44,679	-47,664	-94,123	-87,373	-100,736	-104,218	-107,621	-158,275	-160,136	-164,139	-168,265	-172,5
319	UTCP		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
320	TAXABLE INCOME																
321	NOI		318,492	473,745	483,848	487,988	492,232	558,601	563,244	568,049	573,022	578,170	647,390	652,904	658,611	664,518	670,0
322	Less Interest		-84,848	-337,728	-334,891	-331,812	-328,466	-324,835	-320,889	-316,603	-311,947	-306,800	-301,307	-295,430	-288,948	-281,007	-274,2
323	Less Depreciation		-57,111	-114,223	-114,223	-114,223	-114,223	-114,223	-114,223	-114,223	-114,223	-114,223	-114,223	-114,223	-114,223	-114,223	-114,2
324	Less Finance Amortization		-3,420	-3,420	-3,420	-3,420	-3,420	-3,420	-3,420	-3,420	-3,420	-3,420	-3,420	-3,420	-3,420	-3,420	-3,4
325	Tenant Improvements		-25,731	-51,462	-51,462	-51,462	-51,462	0	0	0	0	0	0	0	0	0	0
326	Revenue to LLP																
327	Lease Period Construction Interest		0														
328	Draw from Reserve		0														
329	Ground Lease		-51,690	-14,882	-17,812	-18,148	-20,426	-40,338	-41,731	-43,173	-44,665	-46,209	-80,075	-68,629	-70,341	-72,114	-73,0
330	Taxable Income		85,893	-47,087	-38,068	-32,868	-25,766	75,765	82,981	90,630	98,769	107,428	181,370	171,203	191,680	182,655	264,7

COMMERCIAL COMPONENT

E:\North Beach\[North Beach proforma 11-05-02.XLS]Commercial Component
November 5, 2002

400 PROJECT SCHEDULES

401			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
402	MORTGAGE																
403	Beginning		4,091,825	4,083,823	4,050,954	4,015,248	3,978,488	3,934,338	3,888,578	3,838,873	3,784,881	3,720,232	3,882,527	3,503,328	3,518,162	3,438,515	3,347,827
404	Interest		8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%
405	Term at beginning		360	357	345	333	321	300	297	285	273	281	249	237	225	213	201
406	Term Remaining at year end		357	345	333	321	308	287	285	273	281	248	237	225	213	201	189
407	Payment		92,849	370,595	370,595	370,505	370,805	370,595	370,595	370,585	370,585	370,595	370,505	370,505	370,505	370,505	370,595
408	Interest		84,848	337,726	334,891	331,812	328,488	324,035	320,888	310,603	311,947	308,880	301,307	205,430	288,048	281,007	274,260
409	Ending Basis		4,083,823	4,050,954	4,015,249	3,978,488	3,934,339	3,888,570	3,838,873	3,784,881	3,720,232	3,682,527	3,503,328	3,518,162	3,430,515	3,347,827	3,251,491
410	DEPRECIATION																
411	Beginning Basis	$3,598,008	3,508,008	3,540,808	3,428,878	3,312,453	3,108,231	3,084,008	2,888,788	2,855,583	2,741,341	2,627,118	2,512,805	2,308,873	2,284,450	2,170,228	2,058,005
412	Depreciation		57,111	114,223	114,223	114,223	114,223	114,223	114,223	114,223	114,223	114,223	114,223	114,223	114,223	114,223	114,223
413	Ending Basis		3,540,808	3,428,078	3,312,453	3,108,231	3,084,008	2,989,788	2,855,583	2,741,341	2,627,118	2,512,805	2,308,873	2,284,450	2,170,228	2,058,005	1,041,783
414	TENANT IMPROVEMENTS																
415	Beginning Basis	257,310	257,310	231,879	180,117	128,855	77,183										
416	Depreciation		25,731	51,462	51,462	51,462	51,462										
417	Ending Balance		231,578	180,117	128,655	77,103	25,731										
418	LEASE COMMISSIONS																
419	Beginning Basis	30,294	30,294	24,235	18,178	12,118	6,058										
420	Expense		6,059	6,059	6,059	6,059	6,059										
421	Ending Balance		24,235	18,178	12,118	6,059	0										
422	LEASE UP RESERVE		201,960	213,068	224,787	237,150	250,103	283,854	278,471	283,787	309,845	328,882	344,877	303,851	383,968	405,080	427,398
423	Draw from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
424	Balance		201,960	213,068	224,787	237,150	250,183	283,854	278,471	293,787	309,845	328,892	344,077	383,051	383,088	405,080	427,360
425	Interest	6.50%	11,108	11,719	12,363	13,043	13,761	14,517	15,318	16,158	17,047	17,885	18,074	20,017	21,118	22,280	23,505
426	Ending Balance		213,068	224,787	237,150	250,103	263,954	278,471	293,787	309,845	328,892	344,077	303,051	383,008	405,080	427,368	450,871
427	FINANCE AMORTIZATION																
428	Balance	102,599	102,599	99,179	95,759	92,330	88,818	85,409	82,078	78,850	75,230	71,818	68,300	64,070	81,550	88,130	84,710
429	Expense		3,420	3,420	3,420	3,420	3,420	3,420	3,420	3,420	3,420	3,420	3,420	3,420	3,420	3,420	3,420
430	Ending Balance		99,179	95,759	92,330	88,919	85,409	82,078	78,659	75,238	71,818	68,300	64,070	81,550	88,130	84,710	81,300
431	Ground Lease		-	(54,533)	-	-	-	-	-	-	-	-	-	-	-	-	-
432	Beginning Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
433	Amount Owed	-	(51,690)	(14,882)	(17,012)	(10,148)	(20,428)	(40,338)	(41,731)	(43,173)	(44,805)	(48,200)	(60,075)	(68,020)	(70,341)	(72,114)	(73,948)
434	Amount Paid		(51,690)														
435	Balance before Interest	5.50%	(2,843)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
436	Interest		(54,533)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
437	Ending Balance																
438	PROJECT VALUE																
439	NOI		318,492	473,745	483,648	487,968	492,232	558,601	563,244	568,048	573,022	578,170	647,300	652,004	658,611	664,518	670,032
440	Project Value		3,184,920	4,737,450	4,836,478	4,879,670	4,922,318	5,586,007	5,632,435	5,680,488	5,730,223	5,781,809	6,473,000	6,520,042	6,586,114	6,645,183	6,700,324
441	Price to SBA	70%	2,229,444	3,316,215	3,386,933	3,415,773	3,445,622	3,910,205	3,942,705	3,976,342	4,011,156	4,047,188	4,531,730	4,570,329	4,610,280	4,651,628	4,690,227
442	TOTAL PROJECT DEBT																
443	Debt																
444	First Mortgage		4,083,823	4,050,954	4,015,249	3,978,488	3,934,339	3,888,578	3,838,873	3,784,881	3,728,232	3,682,527	3,503,328	3,518,162	3,430,515	3,347,827	3,251,491
445	Lease			0	0	0	0	0	0	0	0	0	0	0	0	0	0
446	TOTAL		4,083,823	4,050,954	4,015,249	3,978,488	3,934,339	3,888,578	3,838,873	3,784,881	3,728,232	3,682,527	3,503,328	3,518,162	3,430,515	3,347,827	3,251,491
447	Accrued on Preferred Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
448	Beginning Balance		53,544	53,544	53,544	53,544	53,544	53,544	53,544	53,544	53,544	53,544	53,544	53,544	53,544	53,544	53,544
449	Current Period Accrual		-53,544	-53,544	-53,544	-53,544	-53,544	-53,544	-53,544	-53,544	-53,544	-53,544	-53,544	-53,544	-53,544	-53,544	-53,544
450	Payment		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
451	Ending Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
452	Interest	12%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
453	Ending Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

HOUSING AUTHORITY
OF THE
CITY AND COUNTY OF SAN FRANCISCO

Minutes of Special Meeting
Tuesday, November 19, 2002

440 Turk Street
San Francisco, California

The Housing Authority of the City and County of San Francisco met in a special scheduled meeting at 440 Turk Street, San Francisco, California on Tuesday, November 19, 2002, at 4:00 p.m.

Commissioner Brown called the meeting to order at 4:15 p.m.

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1. ROLL CALL

Roll call found the following members to be:

PRESENT: *George R. Brown, Commissioner*
Betty J. Smith, Commissioner
Andrew Clark, Commissioner (excused at 5:40 p.m.)
Neola Gans, Commissioner

ABSENT: *Sululagi Palega, Sr., President*
Julie Lee, Vice President

A quorum was present.

ALSO PRESENT: *Mr. Gregg Fortner, Executive Director/Secretary*
Mr. Carl L. Williams, General Counsel

Commissioner Brown announced that due to the absence of President Palega and Vice President Lee, he would preside over the meeting.

2. APPROVAL OF AGENDA

Commissioner Clark moved to approve the agenda and Commissioner Smith seconded the motion. The motion to approve the agenda was carried by a unanimous vote.

3. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

4. UNFINISHED BUSINESS:

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF NORTH BEACH PLACE, INCLUDING A MIXED FINANCE AMENDMENT, DECLARATION OF TRUST AND RESTRICTIVE COVENANTS, GROUND LEASES, REGULATORY AND OPERATING AGREEMENT, HOPE VI LOAN DOCUMENTS, OPTION AGREEMENTS, SUBORDINATION AGREEMENTS, REVITALIZATION SERVICES AGREEMENT, RECIPROCAL EASEMENT AGREEMENT, NOTICE OF SPECIAL RESTRICTIONS, CERTIFICATIONS, AND OTHER DOCUMENTS

Barbara Smith, Administrator of Housing Development and Modernization addressed the new information provided to the Commission regarding their requests and questions. Ms. Smith introduced the experts present to answer any further inquiry.

Commissioner Clark requested Michelle Brewer and Bob Mills of Goldfarb and Lipman, to answer his initial questions. Commissioner Clark asked Ms. Brewer to comment on the legality of the agreement the SFHA is about to enter into regarding the North Beach development. Ms. Brewer stated that she and Mr. Mills had thoroughly reviewed, and negotiated all of the documents pertaining to North Beach since 1997 when the grant was first received. In the past 18 months, the work has accelerated to weekly meetings and documents have been reworked as much as possible to protect the interests of the SFHA.

Commissioner Clark asked Ms. Brewer to outline the risks involved in entering into this agreement. Ms. Brewer responded that most of the risk involves the Housing Authority not generating as much revenue as anticipated. Very little risk is projected for costs being more than expected. One of the areas of little concern, that could potentially cost the SFHA money, is if hazardous materials are found on the land that the Housing Authority has owned for the last 40-50 years. The Authority would be responsible for the clean up and costs incurred because of it. There is very little true financial risk. Commissioner Clark asked Ms. Brewer if she recommends this deal. Ms. Brewer answered that she does and thinks the agreement has been well negotiated.

Commissioner Clark asked the CSG Financial Advisors to give their analysis of the financial ramifications of this agreement. Peg Stone of CSG stated that she believes this is a very positive transaction for the SFHA. In 15 years, the Housing Authority will receive half of the $23 million dollars it invests, gain a totally redeveloped site at no cost to the Authority, receive $48 million from a private investor, who's only return is through tax benefits that the SFHA in unable to collect. The SFHA will receive a loan from Citibank to be paid off by tax credit units, and will more than likely, own all 341 units at the end of 15 years, and claim all of the cash flow from those units. At the end of 20 years the SFHA will own all of the commercial property as well. Ms. Stone stated that this will be a financially stable development that is of award winning quality.

Commissioner Clark asked what might occur after 15 years as far as the investor tax credits, and the SFHA's option to purchase is concerned. Ms. Stone answered that the SFHA has negotiated a Purchase Option and a Right of First Refusal at the end of 15 years. The most important terms are those of the Right of First Refusal. These terms allow the SFHA to purchase the project for the debt plus the taxes incurred on the sale by the limited partner. Right now, the calculation of the taxes that will be due, is very complex. The developers and the financial advisors calculate that no taxes will be due at that time. There will be no gain on sale, and the developers are not expecting a gain. The SFHA will also assume the debt on the property, which is expected to be $7 million. At that time, the SFHA will have approximately $3 million in cash flow to any pay debts. Citibank has imposed several conditions on the SFHA to be able to assume the debt. The risk that the SFHA won't be able to assume the debt is fairly small. The SFHA will still owe payments on the Mayor's Office of Housing Loan and the must-pay loan from Citibank will be small in relation to the projected cash flow in 15 years.

Commissioner Clark asked, if the SFHA can't purchase the property in 15 years, would the property go on the open market for sale. Ms. Stone responded that Bridge has the first option to purchase. Commissioner Clark asked how that relates to the 75-year lease agreement. Ms. Stone answered that if the SFHA didn't exercise its option to purchase the property, Bridge would own it until the ground lease terminated at the end of 75 years. Thereafter, the property would come back under SFHA ownership. Commissioner Clark asked Ms. Stone, as the financial advisor representing the Housing Authority, if she recommends this transaction. Ms. Stone responded that she does.

In response to Commissioner Brown's question, Ms. Stone stated that the financial advisors are projecting $11-$16 million to be received by the SFHA. The numbers are based on conservative assumptions. She added that the developers have given a $5 million guarantee that they will finish the project on time.

Commissioner Smith thanked everyone for their hard work and time spent on this project.

Commissioner Brown requested a report what type of employment have the residents received as a result of this project. Ben Goldman, the project manager, stated that they would be providing a monthly report of all the resident hiring activities. So far, residents have been hired to assist in the asbestos removal, and carpentry.

Commissioner Clark asked Barbara Smith if she anticipated returning to the Commission regarding any of the agreements the Executive Director is given authority to enter into. Ms. Smith said that the documents are pretty close to their final drafts and are to be executed within the next week and a half. Commissioner Clark asked if she recommends the approval of this resolution. Ms. Smith stated that she does.

Commissioner Clark moved to approve Resolution No. 5071. Commissioner Smith seconded the motion. The motion was carried by a unanimous vote.

5. NEW BUSINESS - None

6. PUBLIC COMMENTS ON ITEMS NOT ON AGENDA

There were no public comments on items not on the agenda.

7. COMMISSIONER'S COMMENTS AND REPORTS

Commissioner Clark requested the results of the APRI voter registration drive. Mr. Fortner stated that the report would be given on the December 12, 2002.

16. ADJOURNMENT

There being no further business to come before the Commission, Commissioner Clark moved to adjourn the meeting. Commissioner Smith seconded the motion. Commissioner Brown adjourned the specially scheduled meeting of November 19, 2002 at 4:50 p.m.

Gregg Fortner, Secretary/Executive Director

George Brown, Presiding Commissioner

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12/02

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

NOTICE

THE REGULARLY SCHEDULED MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION
WILL BE HELD ON THURSDAY, DECEMBER 12, 2002 AT 4:00 P.M.
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

AGENDA
December 12, 2002

1. ROLL CALL

   Sululagi Palega, Sr., President
   Julie Lee, Vice President
   George R. Brown, Commissioner
   Betty J. Smith, Commissioner
   Andrew J. Clark, Commissioner
   Neola Gans, Commissioner

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2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES

   - November 14, 2002 Regular Commission Meeting
   - November 19, 2002 Special Commission Meeting

4. GENERAL COMMUNICATIONS

5. REPORT OF SECRETARY

   - Report regarding the results of the APRI Voter Registration Drive
   - Update the report regarding the number of vacant units and schedule for occupancy or other disposition

6. COMMITTEE REPORTS

   Diversity Committee - Nothing to Report
   Finance Committee – Nothing to Report
   Personnel Committee – Nothing to Report

7. REPORT OF GENERAL COUNSEL

my documents/agenda 2002 agenda 2 12 02

8. TENANT REPRESENTATIVE REPORT:

City Wide Council - Senior/Disabled
Public Housing Tenants Association (PHTA)

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

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10. UNFINISHED BUSINESS - None

11. NEW BUSINESS

(A) RESOLUTION RATIFYING THE APPROVAL AND EXECUTION OF A MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE CARPET, LINOLEUM AND SOFT-TILE WORKERS' UNION, LOCAL 12

(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH SETO'S CONSTRUCTION TO PROVIDE CONSTRUCTION SERVICES FOR CANTILEVERED CANOPY FRAMING REPAIRS AT CAL 1-18(4), ALICE GRIFFITH, FOR AN AMOUNT NOT-TO-EXCEED $1,345,280.00

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH SCA ENVIRONMENTAL, INC. TO PROVIDE ASBESTOS CONSULTING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $50,000

(D) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH LEE INCORPORATED TO PROVIDE CIVIL ENGINEER CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000

(E) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH F.W. ASSOCIATES, INC. TO PROVIDE ELECTRICAL ENGINEER CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $300,000

(F) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH MECHANICAL SOLUTIONS TO PROVIDE MECHANICAL ENGINEER CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $150,000

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

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Commission Meeting

PACKET

December 12, 2002

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AGENDA
December 12, 2002

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1. ROLL CALL

   Sululagi Palega, Sr., President
   Julie Lee, Vice President
   George R. Brown, Commissioner
   Betty J. Smith, Commissioner
   Andrew J. Clark, Commissioner
   Neola Gans, Commissioner

2. APPROVAL OF AGENDA

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6. COMMITTEE REPORTS

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   Finance Committee – Nothing to Report
   Personnel Committee – Nothing to Report

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(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH SETO'S CONSTRUCTION TO PROVIDE CONSTRUCTION SERVICES FOR CANTILEVERED CANOPY FRAMING REPAIRS AT CAL 1-18(4), ALICE GRIFFITH, FOR AN AMOUNT NOT-TO-EXCEED $1,345,280.00

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH SCA ENVIRONMENTAL, INC. TO PROVIDE ASBESTOS CONSULTING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $50,000

(D) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH LEE INCORPORATED TO PROVIDE CIVIL ENGINEER CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000

(E) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH F.W. ASSOCIATES, INC. TO PROVIDE ELECTRICAL ENGINEER CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $300,000

(F) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH MECHANICAL SOLUTIONS TO PROVIDE MECHANICAL ENGINEER CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $150,000

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

HOUSING AUTHORITY
OF THE
CITY AND COUNTY OF SAN FRANCISCO

Minutes of Regular Meeting
Thursday, November 14, 2002

440 Turk Street
San Francisco, California

The Housing Authority of the City and County of San Francisco met in a regularly scheduled meeting at 440 Turk Street, San Francisco, California on Thursday, November 14, 2002, at 4:00 p.m.

President Sululagi Palega called the meeting to order at 4:24 p.m.

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1. ROLL CALL

Roll call found the following members to be:

PRESENT:
Sululagi Palega, Sr., President
Julie Lee, Vice President
George R. Brown, Commissioner
Betty J. Smith, Commissioner
Andrew Clark, Commissioner (excused at 5:40 p.m.)
Neola Gans, Commissioner

A quorum was present.

ALSO PRESENT:
Mr. Gregg Fortner, Executive Director/Secretary
Mr. Carl L. Williams, General Counsel

2. APPROVAL OF AGENDA

Commissioner Smith moved to approve the agenda and Commissioner Gans seconded the motion. The motion to approve the agenda was carried by a unanimous vote.

3. APPROVAL OF MINUTES

Commissioner Smith moved to approve the minutes of the October 24, 2002 Regular Commission Meeting. Commissioner Brown seconded the motion. The motion to approve the minutes of the October 24, 2002 Regular Commission Meeting was carried by a majority vote. Commissioner Lee abstained due to her absence at that meeting.

4. GENERAL COMMUNICATIONS

Executive Director Gregg Fortner reported on three items contained in the Commissioners' folders. The first was the Commission Request Log. Mr. Fortner asked the Commission to allow the report regarding the number of vacant units and schedule for

occupancy, be given at the next regularly scheduled meeting. The Commission did not object. Next, Mr. Fortner summarized the correspondence from HUD stating that no systemic problems were found with the current SFHA programs. Correspondence was also received from the Deputy Assistant Secretary in Washington regarding the allocation of the operating fund. Mr. Fortner stated that he would expound on this topic during the Report of the Secretary.

5. REPORT OF SECRETARY

In regards to the aforementioned letter from the Deputy Assistant Secretary in Washington, Mr. Fortner explained that the operating subsidy is supposed to be received at the beginning of every month from HUD. The funding for October was received with half of the November monies, six weeks late. Mr. Fortner reported that there were serious problems in HUD's funding that affected the Housing Authorities across the country. Furthermore, Mr. Fortner stated that he is bringing this to the attention of the Commissioners due to the rampant rumors that the SFHA will have to operate on 60% of its budgeted money, that money may be diverted, or year-end adjustments for utilities may not be calculated. None of this has been confirmed, but HUD did alter the funding disbursements from monthly to weekly distributions. This can potentially become complicated as the SFHA waits for a check each week. Mr. Fortner assured the Commission that he would notify them of any delinquency. He also thanked Senator Pelosi for her involvement in ensuring that we received funding.

In reference to the correspondence, Commissioner Clark asked why the SFHA is involved with TARC. Mr. Fortner replied that prior to his arrival to this organization, an agreement was entered into with TARC because at the time, they were able to provide more resources than HUD. Commissioner Clark then asked if the SFHA was considered troubled. Mr. Fortner replied that the SFHA is not on the troubled list. Commissioner Palega added that in 1996, the SFHA was on the troubled list, but the newly elected Mayor Brown asked HUD to step in and assist the SFHA in its removal from that list. TARC was an integral entity in making that happen. By 1998 the SFHA was off the troubled list. Commissioner Palega stated that TARC expects repayment of all funding resources allocated to the SFHA. Mr. Fortner commented that the SFHA is working on improving its relationship with TARC.

Commissioner Palega asked if HUD was going to issue any correspondence detailing the changes in the payment structure. Mr. Fortner answered that the message was downloaded. Commissioner Palega asked if the Commission could receive a copy of the downloaded message.

6. COMMITTEE REPORTS

Diversity Committee

No report.

Finance Committee

President Palega announced that the Finance Committee met on November 12, 2002 at 4:30 p.m. The Public Housing budget was examined and questions were raised regarding how much money had been spent versus how much was budgeted. The SFHA staff confirmed that everything was in order and the reports are available to the public. President Palega stated that the 2003 fiscal year would have a surplus of $710,000. The Section 8 budget was overspent due to the lease up efforts, and reopening the Section 8 Eligibility list, but the advantage is that there will not be a deficit in either of the programs. President Palega also stated that concerns were raised regarding the funding of North Beach as it related to the weapons inspections in Iraq. Since the government proceeded with the inspections, the funding concern of North Beach was no longer an issue. Furthermore, President Palega commented that the North Beach documents were a lot to digest in the given time frame.

Personnel Committee

No report.

7. REPORT OF GENERAL COUNSEL

General Counsel Carl Williams reminded the Commission of the Closed Session concerning the items noticed on the Agenda. Mr. Williams clarified that there was no resolution regarding the last item on the Agenda under New Business. The only action required is an announcement of whether the Commission decides to hold the regularly scheduled meetings during the holiday season.

President Palega suggested that this issue be addressed during the Report of General Counsel, and if there were no objections, the meetings of November 28, 2002 and December 26, 2002 be cancelled. Mr. Williams asked that the Commission officially vote on the cancellation. Commissioner Brown moved that the meetings of November 28, 2002 and December 26, 2002 be cancelled. Commissioner Smith seconded the motion. The motion was carried by a unanimous vote.

Mr. Fortner stated that a Special Meeting would be called if circumstances deemed it necessary.

8. TENANT REPRESENTATIVE REPORT

City Wide Council - Senior/Disabled

President William Vitale announced that the November seminar was postponed due to the illness of the program director. He also invited the Commissioners to the City Wide

Council Holiday Volunteer Appreciation Luncheon. The effort to raise money for this event is currently underway.

Public Housing Tenants Association (PHTA)

Paulette Budrow, the President of Bernal Dwellings thanked the staff for inviting her to the Commission meeting. Ms. Budrow reported that Bernal Dwellings is bringing valuable resources to the community and that she had started a Senior and Youth Resource center at the development. Seniors are provided an escort service to and from the monthly tenant meetings and a social environment to engage with other members of the community. The youth program is comprised of approximately 60 people ranging from 9 to 21 years of age. The youth attended a job readiness program in preparation for a job workshop with UPS. The center has also collaborated with the SFHA tutorial program and the Computer Learning Center to provide services at the Bernal Dwellings. Ms. Budrow reported that since she's moved back into the Bernal Dwellings she has observed a significant increase in community participation. In addition to those who reside in the Bernal Dwellings, the Bernal Senior and Youth Center is accessible to the whole community. Ms. Budrow thanked the staff and the Commission for the opportunity to address the public and report on the progress of the Bernal Dwellings community.

Commissioner Brown asked what ages participate in the afterschool tutorial program. Ms. Budrow answered that under the direction of Belinda Morgan, the tutorial program assists students from ages 9 to 12.

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

Derek Green, Business Representative of the International Brotherhood of Electrical Workers, Local 6 in San Francisco addressed the Commission regarding Item A under New Business. Mr. Green reported that the Local 6 values the Housing Authority as a contractor with Local 6 members. Apprenticeship is encouraged, especially in enrolling residents into the apprenticeship program. Apprenticeship application notices are actively distributed to more than 80 community-based organizations. The Local 6 also participates in community job fairs and residents are assisted in filling out the application and tutored in information to help when taking examinations. Mr. Green stated that the negotiation process was efficient, organized, and it was a pleasure to work with the SFHA staff. The agreement reached will be extremely beneficial to the employees and the

SFHA. Mr. Green described the agreement before the Commission as fair and equitable and encouraged the adoption of the Resolution and agreement.

Dan Angel, Business Representative of the Glaziers Local Union 718 echoed the comments of Derek Green. In addition, Mr. Angel commented that the Staff were very professional during the negotiations and urged the Commission to pass the Resolution and Agreement pertaining to the Glaziers Local Union 718.

10. UNFINISHED BUSINESS:

There was no unfinished business.

11. NEW BUSINESS

Prior to the Commission's consideration of New Business items A through D, Executive Director Gregg Fortner suggested that due to the related nature of the resolutions, they simultaneously be considered for approval. The Commissioners agreed to do so.

RESOLUTION No. 5064

(A) RESOLUTION RATIFYING THE APPROVAL AND EXECUTION OF A MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE ELECTRICIAN'S UNION LOCAL 6

RESOLUTION No. 5065

(B) RESOLUTION RATIFYING THE APPROVAL AND EXECUTION OF A MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE GLAZIERS' UNION LOCAL 718

Paul Howard, Human Resources Manager provided the details of the resolution and MOU. Mr. Howard stated that the previous M.O.U. for the Electricians expired on September 30, 2002. The negotiations for a new M.O.U. began in late August. The economic provisions of this M.O.U. are in compliance with Federal Regulations and are consistent with the SFHA practice of paying craft wages paralleling those of the City and County of San Francisco. Contained in the M.O.U. is a more comprehensive Management Rights Clause, and performance accountability provision in comparison to the previous M.O.U. Mr. Howard explained that this M.O.U. furthers the SFHA's efforts to achieve a higher degree of uniformity and standardization among all M.O.U.'s. It is a four-year agreement, which provides long term stability and harmony with the Union.

Commissioner Clark asked if this was the budget request, or is the budget request separate. Mr. Howard answered that the money to provide wage adjustments was already included in the 2003-2004 budget. Commissioner Clark asked how many electricians and glaziers are employed by the SFHA. Mr. Howard responded that seven electricians and four glaziers are employed by the SFHA. Commissioner Clark then asked if the electricians are employees of the Housing Authority. Mr. Howard answered that the electricians are employed in the Maintenance Department of the SFHA.

Commissioner Brown asked if the wage increase would be retroactively instituted in accordance with the expiration date of the previous M.O.U. Mr. Howard responded that the electricians' wage increase would retroactively take effect as of October 1, 2002 and the glaziers' wage increase would retroactively take effect as of July 1, 2002 in accordance with the Glazier's Masters agreement.

President Palega asked if four glaziers was enough to meet the demand of the SFHA. Executive Director Gregg Fortner responded that if the work becomes overwhelming, the SFHA hires union glaziers on a short-term basis to meet the needs. President Palega also inquired as to whether the Commission would be updated regarding the smoke detectors in the units. Specifically, he wanted to know if the electronic units were connected, because at the time of the need, there were not enough electricians available to address the problem. Mr. Fortner answered that the emergency fund took care of that issue and the electronic smoke detectors had since been connected. Mr. Fortner stated that a full report regarding the smoke detectors would be given at the next meeting.

Commissioner Clark moved to approve Resolutions 5064 and 5065. Commissioner Brown seconded the motion. The motion to approve Resolutions 5064 and 5065 was unanimously passed.

Resolution No. 5066

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR AND THE PRESIDENT OF THE BOARD OF COMMISSIONERS TO SIGN THE SECTION 8 MANAGEMENT ASSESSMENT PROGRAM (SEMAP) CERTIFICATION

Lawrence Andrews, Administrator of the Section 8 Program explained the resolution. He stated that the Section Eight Management Assessment Program (SEMAP) is a document that evaluates the Section 8 management performance and upon Commission approval, will be submitted to HUD for the 2001-2002 fiscal year, as required. The SFHA's grading for this year is 82, which is standard performance. Mr. Andrews explained that the largest area the SFHA lacked in was in the utilization of the housing vouchers. Currently, the SFHA has accelerated its lease up efforts to get the available vouchers out to qualifying families as soon as possible.

Commissioner Clark asked Mr. Andrews to expound on the meaning of the SFHA being a standard performer. Mr. Andrews stated that according to the grading scale, a score below 60 is failing, between 60 and 90 is standard, and 90 and above is a high performer.

Commissioner Brown asked how the SFHA scored last year in comparison to this year. Mr. Andrews answered that last year, the SFHA was a standard performer receiving a score in the 80 point range.

President Palega added that the SFHA has increased its number of vouchers in comparison with last year. Had the same numbers from last year been employed, the SFHA would be a superior performer.

Commissioner Smith asked whether the Section 8 tenants paid utilities separately from their rent, or was it included. Mr. Andrews responded that both methods are used. If a family's income does not allow them to pay the utilities bill, the SFHA directly issues a utilities voucher to the family.

Commissioner Smith moved to approve Resolution No. 5066. Commissioner Gans seconded the motion. The motion to approve Resolution No. 5066 was passed by a unanimous vote.

Resolution No. 5067

(D) RESOLUTION APPROVING THE CERTIFICATION FOR THE PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS) INDICATOR #3, MANAGEMENT OPERATIONS, FOR FISCAL YEAR 2002

Beverli Marshall, Director of Housing Management explained that the Public Housing Assessment System is designed to evaluate the operations of Public Housing. The score sheet, detailing the criteria to determine the SFHA's score, was included in the Commission's materials. In obtaining 26 out of 30 points, the SFHA scored 87%, indicating that the SFHA is a standard performer. This is the same score the SFHA received last year.

Commissioner Clark moved to approve Resolution No. 5067. Commissioner Brown seconded the motion. The motion to approve Resolution No. 5067 was carried by a unanimous vote.

Resolution No. 5068

(E) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF NORTH BEACH PLACE, INCLUDING A MIXED FINANCE AMENDMENT, DECLARATION OF TRUST AND RESTRICTIVE COVENANTS, GROUND LEASES, REGULATORY AND OPERATING

AGREEMENT, HOPE VI LOAN DOCUMENTS, OPTION AGREEMENTS, SUBORDINATION AGREEMENTS, REVITALIZATION SERVICES AGREEMENT, RECIPROCAL EASEMENT AGREEMENT, NOTICE OF SPECIAL RESTRICTIONS, CERTIFICATIONS, AND OTHER DOCUMENTS **[AS AMENDED]**

Barbara Smith, Administrator for Housing Development and Modernization introduced the numerous people present at the Commission meeting who played an instrumental part in executing the documents and agreements for the completion of North Beach. Ms. Smith indicated that the adoption of this resolution would enable the SFHA to execute and submit the closing documents for the North Beach mixed financed, mixed income, and mixed use development. The 229 public housing units will be replaced by 138 new public housing units, 91 Section 8 units, and adding 112 affordable housing units for San Francisco. Included are extensive community facilities, 21,000 sq. ft. of commercial retail space, and 3,000 sq. ft. of resident incubator space. Authorization will allow the construction to proceed and enable the SFHA to meet the December tax credit deadline. Ms. Smith explained that the closing documents before the Commission are based on agreements and responsibilities negotiated over the last few years and authorized by numerous Commission actions. Most importantly, in October of 2001 the Commission authorized the execution of the disposition and development agreement between the Housing Authority and MBDA. This defined the terms of agreement of design, construction, financing, performance schedule, ownership, management, repurchase options, and the agreements currently under Commission consideration. The Housing Authority is providing financing for a little over $23 million in Hope VI revitalization and demolition grants. These funds are leveraging $84 million in outside funding. There are revenue opportunities and provisions for reacquisition for the Housing Authority or a designated non-profit affiliate of the property after the tax credit compliance period and initial commercial financing.

Housing will first be offered to the returning residents. During this process the residents are being tracked and all who remain in good standing are eligible to return. Extensive resident hiring opportunities are involved throughout this process and minority participation in all aspects.

President Palega asked that the next time documents of such high importance and volume are to be presented, the Commission receive more time to thoroughly examine them. President Palega also commented that he had questions for the resident representatives of North Beach, and was under the impression that they would be present. Now these questions would go unanswered. President Palega stated that he believed counsel should have briefed the Commissioners, on the legal documents, prior to the meeting.

Vice President Lee echoed the concerns of President Palega. In addition, she found no document indicating how much the rent was. Vice President Lee also voiced concerns regarding the length of the lease agreements and marketing analysis. Furthermore, she stated that the Commission needed more time to understand the documents before them.

Commissioner Smith stated that she didn't feel comfortable voting on documents she didn't fully understand. Ms. Smith empathized with the Commissioners and stated that some of the documents are even overwhelming for the staff. Mr. Fortner asked Ms. Smith if there was anything included in the Resolution that was time sensitive. Ms. Smith answered that the most time sensitive portion of the resolution is the authorization to execute the subdivision map, reciprocal easement agreements and the notice of special restrictions and subordination agreement. This allows the SFHA to go through the subdivision process so that the leases can be entered into when they are authorized. Lead time is necessary because of the time it takes to circulate through the city. Ms. Smith requested the approval of this portion of the resolution and the suggested briefings proceed during the next week. Mr. Fortner asked one of the project managers to address the Commission concerning the time sensitive materials.

Carol Galante of the Bridge Corporation stated that the time pressure in this situation is extreme. HUD has reviewed and is prepared to approve the evidentiary package, which will allow the closing to happen. Ms. Galante requested that a meeting be rescheduled as soon as possible so that the rest of the resolution can be passed and the process expedited. In response to Mr. Fortner's question, Ms. Galante stated that a meeting scheduled for next week would provide sufficient time, but echoed Barbara Smith's concerns that specific portions of the resolution needed to be passed on that day.

Commissioner Brown asked if this procedure was standard for a Hope VI project. Bob Mills of Goldfarb and Lipman explained that there are similarities and differences between the current and previous Hope VI projects. The leases are long term so that tax benefits are received and investors benefit as well. Unique to this project is that it spans over two city blocks and there is a commercial component. In addition City Bank is providing a long term, permanent loan extending for 30 years. This is also the first project to combine Public Housing, Section 8 and tax credit units. The Housing Authority maintains the option to purchase the property after the 15-year tax credit compliance period in each of the Hope VI projects. The commercial property can be bought back after 20 years. The Housing Authority is the land lessor and will retain the fee interest in the land and the improvements to the land are leased to the developer. The improvements would be acquired after the 15-year period. The Authority is also acting as a lender. The Hope VI money is being lent to the developer and the Authority has a secured interest by having a deed of trust against the property.

Commissioner Lee asked if the loan would be paid off in 30 years. Mr. Mills responded that when the SFHA exercises its option to acquire the land in 15 years, the loan will be forgiven because it will be the Authority's loan to itself. Furthermore, the Section 8 Citibank loan will expire in 15 years, but the other Citibank loan for $9 million, is a 30-year loan and is projected to be paid down to $7 million in 15 years.

Eric Olson, CSG advisor, explained how the tax credit works in the SFHA's favor to acquire the land after 15 years at the lowest possible cost. President Palega asked what

the buy-out cost would be in 15 years. Mr. Olson answered that it is the sum of the taxes that the exiting partner will have to pay and the exiting debt on the property. It is projected that the exiting partner will not have to pay anything and the outstanding debt is estimated to total $7 million. The Housing Authority will be able to buy out the residential portion of the property at that cost.

Commissioner Lee asked why is a 40 and 75 year lease necessary if the loan will be paid off in 15 years. Mr. Olson requested that the Commission indulge the developers to address the tax issue because the length of the lease doesn't adversely affect the Authority, but rather concerns the investors interests and the Authority's ability to attract an investor to contribute $48 million into this project. Shorter termed leases affected the yield the investor would contribute to the project.

Jack Gardner, President of the John Stewart Company addressed the issue of a 75-year lease. Mr. Gardner explained that after 15 years the SFHA would own the improvements on the land and the remaining 60 years of the residential lease would evaporate. The SFHA would become the fee owner of the improvements as well as the fee owner of the underlying land after 15 years. The 75-year lease is a tax issue because from the Internal Revenue's perspective it must be an economic transaction as opposed to a tax driven transaction. The investor must enter into this agreement with the potential of a long term benefits. Fifty five year use restrictions are being imposed on the property as a condition of the receipt of the low income housing tax credit that are being provided to that tax credit investor in exchange for their $48 million. In 55 years, when the loan is due, the IRS needs to be able to see that the value of that property has appreciated and would support enough debt if it was taken out by the current owner to repay the accrued debt on the property. The lease period has to extend 20 years beyond the end of the tax credit use restriction on the property. So, if the Housing Authority didn't acquire the land in 15 years, after 55 years, the projected value of the property would pay off all of the investor's outstanding debt. In order for the property to valuable enough, there has to be enough of a term left on the lease to finance against it. The same concept applies to the commercial property.

Mr. Fortner asked Bob Mills of Goldfarb and Lipman to explain why this is the best option for the SFHA. Mr. Mills explained that the extended lease term was the best option for the Housing Authority to avoid spending any additional funds.

Mr. Fortner also asked Eric Olson to explain CSG's role and his perspective on the agreement. Mr. Olson indicated that CSG is the Authority's financial advisor for this project and previous Hope VI projects. Mr. Olson stated that the length of the lease is of little consequence because the purchase price at the end of 15 years is already established.

President Palega reiterated that it was a lot of information to digest in such a short amount of time and other questions, such as how much the yearly rent is, remain undisclosed in any of the documents. Mr. Olson stated that he was prepared to address and answer those questions.

Vice President Lee requested that the Commission address the time sensitive portion of the resolution and consideration of the complete resolution occur at a later date. President Palega agreed with that suggestion.

Commissioner Brown asked if the complete resolution could be considered at the Special Meeting to be called the next week. Mr. Bob Mills explained that the execution of number five of the resolution is imperative. It will allow the Executive Director to sign the subdivision map and submit it to the city. If it is not executed, the closing will be delayed.

General Counsel, Carl Williams stated that a Commissioner should make a motion to authorize the Executive Director to execute the provision stated in number five of the resolution. The motion should be properly seconded and voted on. After which, staff can proceed with the most time sensitive portion of the resolution. In response to President Palega's inquiry, Ms. Galante commented that the execution of number five would keep the project on track to close in a timely manner.

President Palega clarified that after properly voted on, only number five of the resolution is to be executed. No other part of the resolution shall take effect until the Commissioners receive the requested information and approve the remainder of the resolution.

Commissioner Brown moved to amend the resolution to only approve number five, which read, the SFHA shall execute a Subdivision Map, the Reciprocal Easements Agreement, the Notice of Special Restrictions and Subordination Agreement to subordinate the Reciprocal Easements Agreement to the Declaration of Trust and Restrictive Covenants. Commissioner Lee seconded the motion. The motion to approve the resolution as amended was carried by a unanimous vote.

Mr. Fortner asked if the Commissioners were available for a Special Meeting on Wednesday. President Palega stated that the sooner the requested information is received the sooner a Special Meeting can be scheduled. President Palega stated that he would be out of town on Thursday and Friday. Mr. Fortner stated that phone calls would be made the next day to ascertain the Commissioners' availability for next week's special meeting.

Resolution No. 5069

(F) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH MODULAR INFORMATION SYSTEMS TO SUPPORT THE SAN FRANCISCO HOUSING AUTHORITY IN ITS SEARCH FOR NEW FINANCIAL AND HOUSING SOFTWARE

Phillip Grennan, the Information Systems Director explained the details of this resolution. Mr. Grennan stated that the SFHA has used its current system for the past 10 years and it

has become deficient operationally, with HUD and the SFHA auditors. The approval of this resolution will allow the SFHA to contract with the consulting firm, Modular Information Systems, to perform a comprehensive needs analysis for each software area of the agency, create an RFP, and the evaluation criteria for the respondents of the RFP, and to assist with contract negotiations of a new software vendor.

Commissioner Smith moved to approve Resolution No. 5069. Commissioner Brown seconded the motion. The motion to approve Resolution No. 5069 was passed by a unanimous vote. (President Palega was not present during the voting of this item.)

Resolution No. 5070

(G) RESOLUTION APPROVING THE WRITE-OFF OF VACATED TENANT ACCOUNTS RECEIVABLE IN THE AMOUNT OF $453,286.48 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

David Esparza, Finance Administrator requested the Commission's approval of this resolution. Mr. Fortner interjected that this item had been addressed at the Finance Committee meeting. Commissioner Brown added that the $453,286.48 was only a portion of the write-off and asked how much the other part was. Mr. Esparza responded that the SFHA currently has a little over $1 million in uncollected receipts, accounts receivable. Stipulated agreements have been entered into with tenants who are still living in SFHA properties, but owe past due amounts. The amount specified in the resolutions specifically pertains to tenants who have vacated the property and there is little or no hope in collecting the money in the future. Mr. Esparza explained that writing this off is not a forgiveness of the debt owed by the tenant but rather an accounting exercise with HUD to clean up a lot of the accounts receivable. Under the direction of the City Treasurer, the bureau within the City and Treasurer's Office will handle our debt collections for a percentage of the amount ultimately collected. The Treasurer's office has already produced a proposal for the SFHA consideration.

Commissioner Smith asked if potential tenants are forewarned of the consequences of not paying their rent. Ms. Beverli Marshall answered that the warning is specified in the lease. President Palega added that if a tenant owes rent and they apply somewhere else, when the SFHA is listed as a prior address, they will not receive a positive recommendation from the SFHA.

Commissioner Brown commented that the Finance Committee discussed instituting procedures to prevent tenants from owing rent for an extended period of time. Ms. Marshall explained that the SFHA aggressively seeks alternatives to evictions through non-profit agencies, and stipulated agreements. President Palega suggested that staff investigate how the SFHA can use the "Service not Cash" program to the Authority's advantage. Mr. Fortner added that the SFHA is standardizing its procedures to deal with the non-payment of rent cases more consistently.

Commissioner Brown moved to approve Resolution No. 5070. Commissioner Smith seconded the motion. The motion to approve Resolution No. 5070 was passed by a unanimous vote. (Vice President Lee was not present during the vote of this item.)

12. PUBLIC COMMENTS ON ITEMS NOT ON AGENDA

There were no public comments on items not on the agenda.

13. CLOSED SESSION

President Palega announced that the Commission had concluded its public agenda items and would go into closed session. A Closed session was scheduled with General Counsel and outside counsel under Government Code Section 54956.9 (b)(1) to discuss potential litigation (case name unspecified to avoid jeopardizing existing settlement negotiations); and a closed session was scheduled with the Executive Director, General Counsel, and Agency Negotiators as authorized by California Government Code §54957.6(a): Agency Negotiators: Glenda Powell, Rufus Davis, Cynthia Black, Mike Roetzer. Employee Organization: Service Employees International Union, Local 790, AFL-C10. The Commission went into closed session at 6:20 p.m.

14. RECONVENING OF THE COMMISSION MEETING

The Commission reconvened at 7:26 p.m. The Commission met in closed session to discuss the items noticed on the agenda. The Commissioners present in the closed session were President Palega, Vice President Lee and Commissioners Smith, Brown, and Gans. President Palega announced that no agreement had been reached as it pertained to the Union. The Executive Director was instructed to proceed and report back to the Commission. General Counsel Carl Williams specified that the Executive Director had been authorized to undertake discussions with HUD to address the various proposals and prospects of a repayment schedule and plan regarding HUD's contention of certain outstanding issues. The Executive Director is to report back to the Commission with specific plans, including written authorization or approval from HUD, concerning the proposed rescheduled and repayment plan. Commissioner Brown also noted that the SFHA staff would periodically update the Commission of the negotiating efforts between the SFHA and the SEIU, Local 790.

16. ADJOURNMENT

There being no further business to come before the Commission, Commissioner Brown moved to adjourn the meeting. President Palega adjourned the regularly scheduled meeting of November 14, 2002 at 7:30 p.m.

Gregg Fortner, Secretary/Executive Director

Julie Lee, Vice President

HOUSING AUTHORITY
OF THE
CITY AND COUNTY OF SAN FRANCISCO

Minutes of Special Meeting
Tuesday, November 19, 2002

440 Turk Street
San Francisco, California

The Housing Authority of the City and County of San Francisco met in a special scheduled meeting at 440 Turk Street, San Francisco, California on Tuesday, November 19, 2002, at 4:00 p.m.

Commissioner Brown called the meeting to order at 4:15 p.m.

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1. ROLL CALL

Roll call found the following members to be:

PRESENT: *George R. Brown, Commissioner*
Betty J. Smith, Commissioner
Andrew Clark, Commissioner (excused at 5:40 p.m.)
Neola Gans, Commissioner

ABSENT: *Sululagi Palega, Sr., President*
Julie Lee, Vice President

A quorum was present.

ALSO PRESENT: *Mr. Gregg Fortner, Executive Director/Secretary*
Mr. Carl L. Williams, General Counsel

Commissioner Brown announced that due to the absence of President Palega and Vice President Lee, he would preside over the meeting.

2. APPROVAL OF AGENDA

Commissioner Clark moved to approve the agenda and Commissioner Smith seconded the motion. The motion to approve the agenda was carried by a unanimous vote.

3. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

4. UNFINISHED BUSINESS:

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF NORTH BEACH PLACE, INCLUDING A MIXED FINANCE AMENDMENT, DECLARATION OF TRUST AND RESTRICTIVE COVENANTS, GROUND LEASES, REGULATORY AND OPERATING AGREEMENT, HOPE VI LOAN DOCUMENTS, OPTION AGREEMENTS, SUBORDINATION AGREEMENTS, REVITALIZATION SERVICES AGREEMENT, RECIPROCAL EASEMENT AGREEMENT, NOTICE OF SPECIAL RESTRICTIONS, CERTIFICATIONS, AND OTHER DOCUMENTS

Barbara Smith, Administrator of Housing Development and Modernization addressed the new information provided to the Commission regarding their requests and questions. Ms. Smith introduced the experts present to answer any further inquiry.

Commissioner Clark requested Michelle Brewer and Bob Mills of Goldfarb and Lipman, to answer his initial questions. Commissioner Clark asked Ms. Brewer to comment on the legality of the agreement the SFHA is about to enter into regarding the North Beach development. Ms. Brewer stated that she and Mr. Mills had thoroughly reviewed, and negotiated all of the documents pertaining to North Beach since 1997 when the grant was first received. In the past 18 months, the work has accelerated to weekly meetings and documents have been reworked as much as possible to protect the interests of the SFHA.

Commissioner Clark asked Ms. Brewer to outline the risks involved in entering into this agreement. Ms. Brewer responded that most of the risk involves the Housing Authority not generating as much revenue as anticipated. Very little risk is projected for costs being more than expected. One of the areas of little concern, that could potentially cost the SFHA money, is if hazardous materials are found on the land that the Housing Authority has owned for the last 40-50 years. The Authority would be responsible for the clean up and costs incurred because of it. There is very little true financial risk. Commissioner Clark asked Ms. Brewer if she recommends this deal. Ms. Brewer answered that she does and thinks the agreement has been well negotiated.

Commissioner Clark asked the CSG Financial Advisors to give their analysis of the financial ramifications of this agreement. Peg Stone of CSG stated that she believes this is a very positive transaction for the SFHA. In 15 years, the Housing Authority will receive half of the $23 million dollars it invests, gain a totally redeveloped site at no cost to the Authority, receive $48 million from a private investor, who's only return is through tax benefits that the SFHA in unable to collect. The SFHA will receive a loan from Citibank to be paid off by tax credit units, and will more than likely, own all 341 units at the end of 15 years, and claim all of the cash flow from those units. At the end of 20 years the SFHA will own all of the commercial property as well. Ms. Stone stated that this will be a financially stable development that is of award winning quality.

Commissioner Clark asked what might occur after 15 years as far as the investor tax credits, and the SFHA's option to purchase is concerned. Ms. Stone answered that the SFHA has negotiated a Purchase Option and a Right of First Refusal at the end of 15 years. The most important terms are those of the Right of First Refusal. These terms allow the SFHA to purchase the project for the debt plus the taxes incurred on the sale by the limited partner. Right now, the calculation of the taxes that will be due, is very complex. The developers and the financial advisors calculate that no taxes will be due at that time. There will be no gain on sale, and the developers are not expecting a gain. The SFHA will also assume the debt on the property, which is expected to be $7 million. At that time, the SFHA will have approximately $3 million in cash flow to any pay debts. Citibank has imposed several conditions on the SFHA to be able to assume the debt. The risk that the SFHA won't be able to assume the debt is fairly small. The SFHA will still owe payments on the Mayor's Office of Housing Loan and the must-pay loan from Citibank will be small in relation to the projected cash flow in 15 years.

Commissioner Clark asked, if the SFHA can't purchase the property in 15 years, would the property go on the open market for sale. Ms. Stone responded that Bridge has the first option to purchase. Commissioner Clark asked how that relates to the 75-year lease agreement. Ms. Stone answered that if the SFHA didn't exercise its option to purchase the property, Bridge would own it until the ground lease terminated at the end of 75 years. Thereafter, the property would come back under SFHA ownership. Commissioner Clark asked Ms. Stone, as the financial advisor representing the Housing Authority, if she recommends this transaction. Ms. Stone responded that she does.

In response to Commissioner Brown's question, Ms. Stone stated that the financial advisors are projecting $11-$16 million to be received by the SFHA. The numbers are based on conservative assumptions. She added that the developers have given a $5 million guarantee that they will finish the project on time.

Commissioner Smith thanked everyone for their hard work and time spent on this project.

Commissioner Brown requested a report what type of employment have the residents received as a result of this project. Ben Goldman, the project manager, stated that they would be providing a monthly report of all the resident hiring activities. So far, residents have been hired to assist in the asbestos removal, and carpentry.

Commissioner Clark asked Barbara Smith if she anticipated returning to the Commission regarding any of the agreements the Executive Director is given authority to enter into. Ms. Smith said that the documents are pretty close to their final drafts and are to be executed within the next week and a half. Commissioner Clark asked if she recommends the approval of this resolution. Ms. Smith stated that she does.

Commissioner Clark moved to approve Resolution No. 5071. Commissioner Smith seconded the motion. The motion was carried by a unanimous vote.

5. NEW BUSINESS - None

6. PUBLIC COMMENTS ON ITEMS NOT ON AGENDA

There were no public comments on items not on the agenda.

7. COMMISSIONER'S COMMENTS AND REPORTS

Commissioner Clark requested the results of the APRI voter registration drive. Mr. Fortner stated that the report would be given on the December 12, 2002.

16. ADJOURNMENT

There being no further business to come before the Commission, Commissioner Clark moved to adjourn the meeting. Commissioner Smith seconded the motion. Commissioner Brown adjourned the specially scheduled meeting of November 19, 2002 at 4:50 p.m.

Gregg Fortner, Secretary/Executive Director

George Brown, Presiding Commissioner

A

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO, CA 94102 • PHONE (415) 554-1260 • FAX (415) 554-1268

Date: December 2, 2002

To: San Francisco Housing Authority Commissioners

Sululagi Palega, Sr., President
Julie Lee, Vice President
Neola Gans, Commissioner
George R. Brown, Commissioner
Betty J. Smith, Commissioner
Andrew Clark, Commissioner

From: Gregg Fortner, Executive Director

Subject: Resolution Ratifying the Approval and Execution of a Memorandum of Understanding (MOU) Between the San Francisco Housing Authority and the Carpet, Linoleum and Soft-Tile Workers' Union, Local 12

OVERVIEW

These negotiations have been completed and pursuant to the provisions of Government Code Sections 3500 et seq. (Meyers-Milias-Brown Act), the new MOU and ratification resolution are now being presented to your Commission for approval.

OBJECTIVES & ANTICIPATED OUTCOME

Pursuant to the provisions of Government Code Section 3500 et seq. to ratify the latest MOU with the Authority's Floor-Covering Layers and to effect its various provisions pertaining to wages, hours and terms and conditions of employment so that the Authority is in compliance with HUD prevailing wage regulations.

WHO BENEFITS

The Authority benefits by having a MOU with its Floor-Covering Layers that is in compliance with HUD regulations and that was negotiated pursuant to the provisions of the Meyers-Milias-Brown Act. The Authority also benefits from stronger management rights, performance management and zipper clauses, a standardized grievance procedure, and an overall standardization of language common among other craft MOUs. The unit members will derive various economic benefits from certain provisions of this MOU and its duration will serve to promote long-term, stable and harmonious relations with this group of employees over the next four (4) years.

BUDGET CONSIDERATIONS

All costs associated with the execution of the aforementioned MOU for this fiscal year have been budgeted and will be cost allocated as appropriate and in accordance with Federal regulations to the various funding sources of the Authority. The total costs from October 1, 2002 through September 30, 2003 are approximately $23,000. Costs for fiscal years 2004, 2005 and 2006 are estimated at $24,000 to $25,000 each year.

RESIDENT EMPLOYMENT

The Union is committed in its efforts to work with the Authority to promote resident union membership and employment and conveyed a strong willingness and desire to promote apprenticeships among the residents of public housing.

MBE/WBE STATUS

No Impact

RECOMMENDATION

Adopt the attached resolution approving the execution of the MOU between the Authority and the and the Carpet, Linoleum and Soft Tile Workers' Union Local 12 to be effective October 1, 2002 through September 30, 2006, a copy of which is attached as Exhibit A.

Attachments

(Prepared by Paul Howard)

RESOLUTION NO._____

DATE ADOPTED_____

RESOLUTION RATIFYING THE APPROVAL AND EXECUTION OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE THE CARPET, LINOLEUM AND SOFT-TILE WORKERS' UNION, LOCAL 12

WHEREAS, the San Francisco Housing Authority ("Authority") and the Carpet, Linoleum, and Soft-Tile Workers' Union, Local 12 (Union), have reached agreement on certain issues related to the compensation and terms and conditions of employment for unit members, pursuant to Government Code Sections 3500 et seq. (Meyers-Milias-Brown Act); and

WHEREAS, all costs associated with execution of the aforementioned Memorandum of Understanding will be cost allocated as appropriate and in accordance with Federal Regulations to the various funding sources of the Authority.

NOW, THEREFORE, BE IT RESOLVED THAT, the Board of Commissioners of the Authority hereby ratifies and approves the execution of the Memorandum of Understanding between the Authority and the Union for the period from October 1, 2002 through September 30, 2006, a copy of which is attached hereto as Exhibit A.

APPROVED AS TO FORM AND LEGALITY:

Carl L. Williams

Carl L. WIliams, General Counsel

12-5-02

REVIEWED BY:

Gregg Fortner, Executive Director

12/5/02

EXHIBIT A

Memorandum of Understanding Between

The San Francisco Housing Authority

and

Carpet, Linoleum and Soft-Tile Workers'

District Council 16, Local Union 12

October 1, 2002 through September 30, 2006

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PREAMBLE

This Memorandum of Understanding (hereinafter "MOU") is entered into by the San Francisco Housing Authority (hereinafter "Authority and the District Council 16 Carpet Linoleum and Soft Tile Workers, Local 12 (hereinafter "Union"), The Authority and the Union (hereinafter "Parties") mutually acknowledge their commitment and obligation to provide the highest possible quality of service to the clientele of the Authority. In discharging this commitment, the Parties reaffirm their responsibility to deliver service in the most efficient, effective and courteous manner at all times. The Parties agree to comply with all applicable laws, including provisions of the *Meyers-Milias-Brown Act* and all administrative regulations promulgated by the Department of Housing and Urban Development (hereinafter "HUD"), including Authority policies, procedures and practices that are not inconsistent with this MOU.

ARTICLE 1
EFFECT AND TERM OF AGREEMENT

It is understood and agreed that the provisions of this MOU shall prevail over Authority practices and procedures and over State laws to the extent permitted by such law, and that in the absence of specific MOU provisions, such practices and procedures are discretionary with the Authority to the extent permitted by State law. In no instance will Authority policies and procedures confer upon covered individuals benefits greater than those specifically provided for under the provisions of this MOU. This MOU is made and entered into as of the 1st day of October, 2002, by and between the Parties. The Parties agree to the provisions of the following articles through September 30, 2006.

ARTICLE 2
SUPPORT OF AGREEMENT

Except as otherwise provided for herein, the Parties agree to support this MOU for its term and neither will appear before the other to seek change or improvement in any matter subject to the negotiation process, except by mutual agreement of the Parties.

ARTICLE 3
SEPARABILITY

If any provision of this MOU is held to be contrary to law by a court of competent jurisdiction, such provisions will not be deemed valid and subsisting except to the extent permitted by law, but all other provisions will continue in full force and effect. In the event of suspension or invalidation of any article or section of this MOU, the Parties agree to meet and negotiate within sixty (60) days after such determination to arrive at a mutually satisfactory replacement for such article or section.

ARTICLE 4
ZIPPER CLAUSE

This MOU contains the full and entire understanding of the Parties regarding the matters herein and may only be modified in writing upon mutual consent of the Parties. The Parties agree that all past practices, side letters and other understandings between the Parties, not expressly memorialized and incorporated into this MOU, shall no longer be enforceable.

ARTICLE 5
MANAGEMENT RIGHTS

1. Except as otherwise provided herein, it is understood and agreed that the Authority retains all of its powers and exclusive rights to organize, direct, manage and control its operations to the fullest extent of the law, including but not limited to, the right to determine its organization; direct the work of its employees; establish the times and hours of operation; determine the kinds and levels of services to be provided, and the methods and means of providing these services; establish policies, goals and objectives; determine staffing patterns, including the number and kinds of personnel required; maintain the efficiency of Authority operations; build, move or modify facilities; determine and establish budgetary procedures and allocation; determine the methods of raising revenue; contract out work; and take action on any matter in the event of an emergency. Additionally, the Authority retains the right to classify duties, allocate positions to classes, hire, classify, assign, evaluate, promote, discipline and terminate an individual's employment.
2. The exercise of the foregoing powers, rights, authority, duties and responsibilities by the Authority, the adoption of policies, rules, procedures, and practices in the furtherance thereof, and the use of judgment and discretion in connection therewith, shall be limited only by the specific and express terms of this MOU; and then only to the extent such specific and express terms are in conformance with law.
3. The Authority retains its right to amend, modify or suspend policies, procedures and practices referred to in this MOU in cases of emergency as provided in Public Contract Code Section 20654. Any amendment, modification or suspension shall be for a period no longer than the length of the emergency.

ARTICLE 6
REPRESENTATION & SECURITY

1. The Union has been certified by the Housing Authority Commission as the exclusive representative for Journey Floor Covering Layers, Apprentices and Forepersons. This MOU applies to employees in these classes who are employed in the Maintenance Program. All individuals covered by this MOU on its effective date, who are Union members in good standing, shall remain so. All individuals employed in the bargaining unit must as a condition of employment, become members in the local Union by the eighth (8th) day of employment and remain in good standing.

2. Regular dues will be deducted from member paychecks in accordance with Authority procedures and upon voluntary written authorization by the member that is in accordance with the requirements of Section 300 of the California Labor Code. Dues deduction authorization may be revoked in the same fashion with a copy of such notice sent to the Union. All other legal and required deductions have priority over Union dues. Dues withheld by the Authority shall be transmitted to the designee identified in writing by the Union who is authorized to receive such funds. The Authority shall charge no service fee for the deduction and transmission of such dues and the Union shall indemnify, defend and hold harmless the Authority against any claim or suit related to such activity. The Union shall refund any amount paid in error upon presentation of supporting evidence.

3. All individuals accepted into membership shall maintain their continuous good standing in the Union as a condition of employment by paying regular monthly dues and admission fees uniformly paid by other members in the same classification, and in accordance with Union rules.

4. Should an individual fail to render the admission fee or fails to maintain membership in accordance with the provisions of this section, the Union shall notify the Authority, in writing, and the individual shall be discharged from employment immediately.

5. Should the Authority fail or refuse to discharge said individual immediately after being notified by the Union, the Union shall be free to remove all individuals covered by this MOU working for the Authority until said individual is discharged. If the Union chooses to withdraw all individuals as authorized in this section, it shall not constitute a violation of any actual or implied "no strike" obligation under this MOU.

ARTICLE 7
UNION RIGHTS

The Union's designated officers (Business Representatives and Stewards) shall have the following rights in addition to the rights contained in any other section of this MOU.

1. The right to job specifications, performance standards and rules of conduct that will enable the Union to fulfill its role as the certified representative of the individuals dispatched under this MOU.

2. The right to distribute this MOU to individuals dispatched to the Authority and to monitor MOU compliance.

3. The right to hold meetings on an "as needed" basis with members; however, such meetings shall be held prior to or after normal working hours, whenever possible.

4. The Union shall be entitled to appoint one (1) Steward who is a competent journey worker employed by the Authority, and who shall in addition to their normal work,

be permitted to perform during working hours, Union duties that cannot be performed at other times. Such duties shall be performed as expeditiously as possible and the Authority shall allow a reasonable amount of time for the performance of said duties. The Union shall immediately notify the Authority in writing of each Steward appointment.

ARTICLE 8
WORK COVERED

Covered work shall include, but not necessarily be limited to those items delineated in the Master Agreement in addition to ceramic tile work.

ARTICLE 9
NONDISCRIMINATION

1. The Authority agrees not to discriminate against any individual because of membership in the Union or because of any activities on behalf of the Union. In any event, such activities shall not interfere with the normal operations of the Authority.
2. The Parties agree to support the principles of Equal Employment Opportunity and will obey all laws and regulations regarding discrimination against any employee or applicant for employment because of religion, race, color, national origin, age, sex, sexual preference, or disability. The Authority will not, nor will the Union cause the Authority to, discharge or otherwise discriminate against any individual based on any of the above categories.

ARTICLE 10
SAFETY, SECURITY & DRUG TESTING

1. The Parties agree that it is in the best interests to all concerned to provide a safe, secure, and healthy working environment. The Authority and the individuals covered by this MOU agree to abide by the safety standards established by the State Department of Industrial Relations and comply with the Occupational Safety and Health Act.
2. To assure that health and safety hazards are handled in a timely fashion, the following procedures shall be followed: (1) employees shall report health or safety hazards to their immediate supervisor; (2) if the immediate supervisor is unable to abate the hazard, the matter shall be referred to the Authority's Director of Occupational Safety & Health who will meet with the employee and immediate supervisor regarding the matter; (3) if the matter cannot be resolved by the Authority's Occupational Safety & Health Director, it will be referred to that individual's immediate superior.
3. All carpet material required to be stretched over a distance of 12 feet or greater on the job shall be stretched with a power stretcher.
4. No individual shall be required to lift an unreasonable amount of weight without assistance from another person or assistive devises.

5. Among the individuals covered by this MOU, at least two (2) shall be certified in Hazardous Material & Asbestos removal.

6. The Parties recognize the problems that drug and alcohol abuse have created in the construction industry and the need to develop drug and alcohol abuse prevention programs. Accordingly, the Parties agree that to enhance the safety of the work place and to maintain a drug and alcohol free work environment, employers may require applicants or employees to undergo drug and alcohol testing. The Parties agree that any testing program shall be governed by the following provisions:

   (a) The use, possession, transfer or sale of illegal drugs, narcotics or other unlawful substances or alcohol is absolutely prohibited during work.

   (b) All applicants for employment will undergo a drug and alcohol screen at facility agreed upon by the Parties. The Authority shall pay each applicant or employee who takes and passes the drug and alcohol screen test, for the time it takes to undergo the testing, up to a maximum of two hours travel time, plus lab time. Payment shall be at the applicable wage and benefit rate set forth herein. Applicants not passing the drug and alcohol screen shall not be placed on the Authority's payroll. The Authority shall pay for the cost of administering the drug and alcohol screen. Individuals who test positive may request that they be given a Chromatographic Mass Spectrometer test and the Authority shall pay for that test. If the individual does not pass this test, the Authority shall not pay the wages for the time lost to testing.

   (c) The Authority may test an individual where there is reasonable cause to believe that the individual is impaired from performing his/her job. Reasonable cause shall be defined as displaying aberrant or unusual behavior, the type of which is recognized and accepted as symptomatic of impairment (i.e. slurred speech, unusual lack of muscle coordination, blood shot eyes, falling asleep on the job). Such behavior must be observed by two persons. An individual who refuses to take a test as a result of such observations shall be immediately discharged.

   (d) The Authority may require that individual involved in an accident resulting in damage to the plant, property or equipment or injury to himself/herself or others may be tested for drugs and alcohol.

   (e) There shall be no random drug and alcohol testing by the Authority.

   (f) An employee, who is using prescribed medication that might effect his/her job performance or safety, must inform their supervisor.

   (g) Current employees, if tested positive, shall have the prerogative for a rehabilitation program at the employee's expense. When such program has been successfully completed, the Authority shall not discriminate in any way against the employee. If work for which the employee is qualified exists, he/she shall be reinstated.

(h) All testing shall be conducted by a National Institute on Drug Abuse certified laboratory, chosen by the Parties

(i) The Employer agrees to hold the Union harmless from any claim arising out of the implementation of this drug testing program.

ARTICLE 11
LABOR / MANAGEMENT COMMITTEE

The Parties agree to continue the Labor/Management Committee that will meet as mutually agreed to discuss employment conditions. The committee membership shall consist of no more than two (2) Union members who are Authority employees and no more than three (3) individuals selected by Authority. The Union may select additional individuals who are not Authority employees.

ARTICLE 12
OUTSIDE CONTRACTING / COMPETITIVE BIDDING

1. Authority Resolution No. 2304 regarding Competitive Bidding authorizes and directs management to engage in outside competitive contracting at its discretion. All work that is put out to bid will be at the prevailing wage rates for the appropriate classifications in accordance with the regulations established by the Department of Housing and Urban Development, the policies of the Authority, federal regulations where Davis-Bacon wage rates are required, and local ordinances when city funds are utilized.

2. The Authority shall notify the Union in writing within ten (10) working days following the Board of Commissioners award of the contract, the name of the contractor(s), the starting date and the location of the project(s).

ARTICLE 13
NO STRIKES

1. The Parties agree there shall be no strike, lockout or work stoppage by either party. The Union may withhold individuals from dispatch or picket the Authority for non-payment of wages or trust fund contributions. The curtailment of operations for business reasons shall be at the sole discretion of the Authority and shall not be considered a lockout.

2. The observance of the picket line of another organization sanctioned by San Francisco Building and Construction Trades Council or the San Francisco Central Labor Council shall not be considered a violation of this article.

ARTICLE 14
EMPLOYEE SELECTION

Dispatch

Upon, phone, fax or E-mail notification by the Authority Human Resources staff, the Union shall expeditiously dispatch the requested classes and numbers of individuals to the Authority's Human Resources office for processing and hiring.

Selection

The Authority at its non-grievable discretion, may hire or refuse to hire any individual covered by this MOU and may select, and direct any and all Foreperson(s).

Apprentices

The Parties agree that every effort shall be made to recruit Apprentices from the public housing resident and Section 8 population in recognition of the federal requirement that the Authority's work force consist of 25% of these individuals.

ARTICLE 15
STATUS, SENIORTY & LAYOFF

Individuals covered by this MOU are casual employees, accrue no seniority or status and can be laid off at any time by the Authority, with or without advance notice. Notwithstanding this provision, the Steward shall be the last employee laid off provided he/she is qualified and able to perform the available work.

ARTICLE 16
PERFORMANCE & DISCIPLINE

1. The Authority reserves the right to establish performance standards for all classifications covered by this MOU. Any employee who does not meet acceptable standards of performance shall be instructed to cease work and return to the Union Hall.

2. The Authority shall establish reasonable rules and regulations concerning the conduct and performance of individuals covered by this MOU. The Union shall be given prior notice of the establishment of such rules and regulations and employees shall be informed of new or revised rules and regulations. The standard Authority *Performance Evaluation Factors* are attached as Appendix A.

3. The Authority reserves the right to take appropriate disciplinary action including, the immediate dismissal of individuals for violation of the Rules of Conduct or failure to meet performance standards as outlined in Appendix A . Violation of the Rules of Conduct shall include, but not be limited to possession of intoxicants (including alcohol and drugs) on the Authority's premises; being under the influence of intoxicants (including alcohol and drugs) during working

hours; insubordination; theft; falsification of records, including employment records, work records or time cards; gross negligence; dishonesty; fighting or inciting others to fight on Authority premises or during working time; failure to maintain a valid California driver's license or uninsurability by the Authority's insurance carrier; unauthorized use of the Authority's property or vehicles; deliberate destruction of any property not belonging to the employee; concealment of defective work; sleeping on the job, failure to report to work for two (2) consecutive work days without notice to the Authority; and excessive tardiness.

ARTICLE 17
EMPLOYEE / EMPLOYER DISPUTE ARBITRATION

All disputes or controversies arising out of, or relating to, an application for employment, employment and/or termination of employment will be settled exclusively by final and binding arbitration before an arbitrator selected by the Parties. By way of example only, such claims include claims under federal, state, and local statutory or common law, such as the Age Discrimination in Employment Act, Title VII the Civil Rights Act of 1964, as amended, including the amendments of the Civil Rights Act of 1991, the Americans with Disabilities Act, California Fair Employment and Housing Act, Family Medical Leave Act, California Family Rights Act, the law of contract, and the law of tort. Each individual covered by this MOU shall sign a letter to abide by this provision.

ARTICLE 18
GRIEVANCE PROCEDURE

The following procedures are adopted by the Parties to provide for the orderly and efficient disposition of grievances and are the sole and exclusive procedures for resolving grievances as defined herein.

1. **Definition**

   A grievance shall be defined as any dispute that involves the interpretation, application of, or compliance with this MOU. Grievances that proceed beyond step one of the process may be filed only by the Union. The Parties agree that the grievance procedure and arbitration are the sole remedy for resolving disputes that arise from this MOU.

2. **Eligibility**

   All members of the bargaining unit can use the grievance process as a method to resolve alleged violations of specific provision(s) of this MOU. The process is also available to the Union for the resolution of issues as defined under **Definition** above. The Union shall initiate the grievance process at Step Two.

3. **Time Limits**

The time limits set forth herein may be extended or waived by mutual agreement of the Parties. Any such agreement must be confirmed in writing. For purposes of time calculation, a "day" is defined as a "working day"; thus, excluding weekends and holidays. Failure by the Authority to respond within the time limits at any level shall be implied as a negative response to the grievance and the Union shall have the right to proceed to the next level. Failure by the Union at any step in the process to adhere to specified time limits shall nullify the grievance and the right to grieve shall be waived and lost.

4. **Steps of the Procedure**

The grievance procedure is a four-level sequential process. Except for grievances involving multiple employees, all employee-initiated grievances must begin at Step One of the procedure. The step procedures set forth herein may be modified or waived by mutual agreement of the Parties. Any such agreement must be in writing.

A. **Step One - Immediate Supervisor**

An employee shall first attempt to resolve the alleged violation or dispute with his/her immediate supervisor. Not later than the tenth (10th) working day after an employee knew, or should have known, of the alleged violation, the employee and/or his/her representative shall memorialize in written form the grievance to the employee's immediate supervisor and, thereafter, explain orally the grievance to the employee's immediate supervisor. The supervisor shall memorialize in written form a decision and present it to the employee and/or her/his representative within seven (7) working days of receiving the grievance in written form.

B. **Step Two - Human Resources Director**

If the alleged violation is not resolved informally with the immediate supervisor, the Union shall submit the grievance on behalf of the represented employee, in writing, to the Human Resources Director within seven (7) working days after receipt of the immediate supervisor's decision. Union initiated grievances shall commence at this step in the process. The Union must file a written grievance with the Human Resources Director within seven (7) working days of the Step One decision. The Human Resources Director or designee shall render a written decision setting forth the Authority's position within ten (10) working days after receipt of grievances at this level.

C. **Step Three - Executive Director**

If the response from the Human Resources Director is unsatisfactory to the employee and/or the Union, the Union may elevate the grievance to the Executive Director or designee within seven (7) working days after receipt of the Step Two decision. The Executive Director or designee may convene a grievance meeting within fifteen (15) working days with the

Union and one (1) bargaining unit member in addition to the grievant. The Executive Director shall respond to the grievance within fifteen (15) working days of the meeting, or if none is held, within twenty (20) working days of receipt of the appeal from the Step Two response. Grievances alleging improper dismissal must be filed in writing at Step Three, within seven (7) working days after such dismissal.

D. **Step Four - Arbitration**

If the Union is dissatisfied with the Step Three response, it may appeal by notifying the Executive Director, in writing, within fifteen (15) days of the Step Three decision that arbitration is being invoked. The Parties shall select an arbitrator within fifteen (15) days of receipt of the Unions written notice of its intent to arbitrate.

E. **Accelerated Grievance Procedure**

In the event there is a dispute regarding the implementation or application of this MOU that immediately affects the Union or a substantial number of its members, and that will result in harm for which monetary relief would be an insufficient remedy, either party may request, and with agreement from the other party, may submit the grievance immediately to the appropriate level agreed to by the Parties thus, bypassing all lower levels. The Union must notify the Authority in writing of its intent to request use of the Accelerated Grievance Procedure within ten (10) working days after the Union knew or should have known of the alleged violation.

F. **Arbitration, Arbitrators & Fees**

1. The Parties agree that any arbitration decision will be binding on all parties.
2. The arbitrator shall be selected by mutual agreement of the Parties. If the Parties are unable to agree upon an arbitrator, they shall request a list of five (5) arbitrators from the California State Mediation and Conciliation Service or Public Employee Relations Board (PERB). Upon receipt of such list, the Parties shall alternately strike one (1) name from the list until one (1) name remains. The party striking the first name shall be determined by the flip of a coin.
3. Except when an agreement of the facts is submitted by the Parties, it shall be the duty of the arbitrator to hear and consider the evidence submitted by the Parties, make written findings of fact, and render a disposition that shall be final and binding on the Parties. The arbitrator shall have no power to amend this agreement or to recommend amendment.
4. Fees and expenses incurred for the arbitrator shall be borne equally by both parties. Fees and expenses incurred for a reporter shall be borne solely by the party requesting such

service. If both Parties agree to the reporter services, the fees and expenses shall be shared equally by the Parties.

ARTICLE 19
WORK CLOTHING, TOOLS, EQUIPMENT & DRIVERS LICENSE

1. Within fifteen (15) days following initial appointment, the Authority shall provide two (2) sets of the required uniform items that individuals must wear along with their photo ID badges during work hours. Each fiscal year thereafter, the Authority will continue to provide a total of three (3) additional sets of uniform items per employee, to be distributed on or about November 15th and May 15th.

2. The Parties agree that each shall provide the required tools in accordance with the provisions of the Master Agreement. The Authority shall not be held responsible for normal wear or breakage to employee provided tools.

3. The Parties agree that the maintenance of a valid driver's license and insurability by the Authority's auto insurance carrier is an important element for successful job performance. The Parties acknowledge that individuals cannot legally operate Authority vehicles without a valid license. The Parties further agree that individuals suffering a revocation or suspension of their drivers license will immediately notify their Foreperson who will immediately notify his/her immediate superior so that appropriate actions can be taken, e.g. allowing the individual to ride with a licensed co-worker, if practical to do so. The Authority decisions in these matters are discretionary and non-grievable.

ARTICLE 20
WAGES & FRINGE BENEFITS

1. The Journey Floor Covering Installer total taxable/non-taxable compensation package shall be as contained in the Master Agreement(s) in effect during the term of this MOU, in accordance with the following schedule. Detail in Appendix B

$44.12	**October 1, 2002**
$44.62	**January 1, 2003**
$45.37	**July 1, 2003**
$46.12	**January 1, 2004**
$46.87	**July 1, 2004**
$47.62	**January 1, 2005**
TO BE DETERMINED BY SUCCESSOR MA	**July 1, 2005**
TO BE DETERMINED BY SUCCESSOR MA	**January 1, 2006**

2. The Apprentice base wage rates and fringe benefits shall be in accordance with the *Apprentice Percentage Schedule* in the Master Agreement(s) in effect during the period of this MOU.

3. In accordance with the Master Agreement, the Foreperson base wage rate shall be $2.00 per hour above the Journey Floor Covering Installer base wage rate.

4. Fringe benefit categories shall be those identified in the Master Agreement(s). Remittances to the respective trust funds shall be made in accordance with the provisions contained in Appendix B of this MOU and as modified each year by the Union or successor Master Agreements. Any reallocation or formula changes shall occur only on July 1st of each year of this MOU. The Union shall notify the Authority in writing of such changes. Reallocations shall be effective no later than the second pay period following receipt of such notice. The Authority agrees to sign any and all documents required by the trust funds to ensure proper acceptance of remittances.
5. Individuals covered by this MOU who are duly certified and trained to perform hazardous material related activities and who are required to perform such activities that involve the wearing of protective equipment, shall be paid one dollar ($1.00) per hour above their normal taxable hourly wage for the actual number of hours spent working in this capacity.

ARTICLE 21
WORKDAY, WORKWEEK & OVERTIME

This article defines the normal hours of work and overtime provisions and shall not be construed as a guarantee of hours of work per day nor of days of work per week.

WORK DAY

The normal workday shall be eight (8) hours between the hours of 8:00 A.M. and 4:30 P.M.

WORK WEEK

The normal workweek shall consist of 40 hours of work, Monday through Friday.

SHOW-UP TIME

When an individual has been directed to report to work and there is no work provided by the Authority, he/she shall be paid two (2) hours show up time. If after reporting to work, inclement weather results in the inability to perform the required work, the individual shall be entitled to show up time only if they remain on the job site for at least two (2) hours while waiting for the weather to improve. If the supervisor cancels the workday because of inclement weather prior to the two (2) hour mark, individuals shall receive two (2) hours pay. If the individual works at least two (2) hours and inclement weather causes the workday to be cancelled, the individual shall be paid for the actual hours worked.

OVERTIME

When workload necessitates or emergencies arise, the Authority has the right to request individuals to work more than eight (8) hours. Overtime will be paid according to the following schedule.

Weekdays - In excess of 8 hours, up to 12 hours = Time and one-half (1½x).

Weekdays - In excess of 12 hours = Double Time (2x).

Saturdays & - Up to 8 hours = Time and one-half (1½x), in excess of 8 hrs = Double time (2x).

Sundays, Holidays & "Designated Days Off" – Double Time (2x) for all hours worked.

HOLIDAYS & DESIGNATED DAYS OFF

Recognized holidays are New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, the Friday following Thanksgiving Day, and Christmas Day. If any of the above holidays fall on a Saturday the preceding Friday shall be observed as the holiday. Holidays that fall on Sunday, the following Monday shall be observed as the holiday. Except for the preceding holidays and "designated days off", individuals desiring to work shall be allowed to do so, even if the Authority is otherwise closed for business, (e.g. Admissions Day). No work under any circumstances shall occur on Labor Day. In addition to recognized holidays, there shall be six (6) "designated days off" as reflected in Appendix C.

MEAL PERIODS

Meal periods are one half (½) hour, do not count as time worked, and are not compensable in any way.

CALL BACK

Call back pay shall be a minimum of two (2) hours and subject to the overtime provisions in this MOU, if applicable.

SIGNATORIES

This MOU has been entered into in accordance with the provisions contained in article I, on this 4th day of November 2002 by the following:

Floor Covers Negotiation Team:

Mark Van Zevern, Special Assistant
To The Business Manager

Gene Hopkins, Business Representative

Housing Authority Representative:

Paul Howard, Chief Negotiator

ANNUAL AND PROBATIONARY EMPLOYEE PERFORMANCE EVALUATION FORM

PROBATIONARY EMPLOYEE
- ❑ FIRST
- ❑ SECOND

REGULAR EMPLOYEE
- ❑ ANNUAL

NAME (Last First Initial)	SOCIAL SECURITY NUMBER	REPORT DATE
POSITION TITLE		DATE PROBATION ENDS
DEPARTMENT NAME	DIVISION/UNIT	EMPLOYEE'S WORK LOCATION

YOUR WORK PERFORMANCE WILL DETERMINE WHETHER YOU OBTAIN REGULAR EMPLOYMENT STATUS

QUALIFICATION FACTORS	RATINGS ARE INDICATED BY "X" MARKS			
	UNACCEPTABLE	DEVELOPMENT NEEDED	STANDARDS ACHIEVED	OUTSTANDING
1. SKILL-Expertness in doing specific tasks; accuracy; precision, completeness, neatness, quantity.				
2. KNOWLEDGE-Extent of knowledge of methods, materials, tools, equipment, technical expressions and other fundamental object matter.				
3. WORK HABITS - Organization of work; care of equipment, punctuality and dependability; industry; follows good practices of vehicle and personal safety.				
4. RELATIONSHIPS WITH PEOPLE - Ability to get along with others; effectiveness in dealing with the public, other employees, residents, or vendors.				
5. LEARNING ABILITY - Speed and thoroughness in learning procedures, laws, rules and other details; alertness; perseverance.				
6. ATTITUDE - Enthusiasm for the work; willingness to conform to job requirements and to accept suggestions for work improvement; adaptability.				
7. SUPERVISORY ABILITY *(if applicable)* - Proficiency in training employees and in planning, organizing, assigning and producing work; leadership; ability to communicate orally and in writing, ability to motivate subordinates.				
8. ADMINISTRATIVE ABILITY *(if applicable)* – Prompt action; sound decisions, application of good management practices; understanding and effective implementation of departmental and personnel management polices.				
9. FACTORS NOT LISTED ABOVE (Use additional sheets if more space is needed.)				
OVERALLL RATING - The over-all rating must be consistent with the factor ratings and comments, but there is no prescribed formula for computing the over-all rating.				

COMMENTS TO EMPLOYEE - *(Supervisor should include factual examples on work especially well or poorly done and give suggestions as to how performance can be improved. Factor and overall ratings of unacceptable and overall ratings of outstanding must be substantiated. Use additional sheets if more space is needed)*

Rater discussed report with employee (Must be attempted) ❑ YES ❑ NO

I RECOMMEND YOU BE GRANTED REGULAR EMPLOYMENT STATUS ❑ YES ❑ NO

RATER'S SIGNATURE	TITLE	DATE SIGNED
EMPLOYEE'S SIGNATURE	DATE SIGNED	❑ I would like to discuss this report with the reviewing officer.

REVIEWING OFFICER'S SIGNATURE	DATE SIGNED	DATE DISCUSSED WITH EMPLOYEE
❑ I concur in the ratings given by the rater. ❑ I have made following changes in this report (Use additional sheets if more space is needed).		

DISTRIBUTION COPIES: 1. Personnel Files 2. Employee 3. Supervisor 4. Miscellaneous

District Council 16

(Bay Area) Floor Covering Wage Schedule

Effective September 1, 2002

		TAXABLE/ NET WAGE	BASE WAGE	HEALTH & WELFARE	PENSION	APPRENTICE FUND	IUPAT JATF	IUPAT LMCI	WORK PRESERVATION	INDUSTRY FUND	DUES CHECK-OFF	VAGE EQUALIT UES CHECK-OFF	VACATIOL	TOTAI PACKAG
JOURNEYMAN FLOOR COVERING INSTALLER														
JOURNEYMAN		$33.85	$30.40	$4.55	$4.85	$0.48	$0.05	$0.05	$0.06	$0.23	($0.97)	($0.40)	($3.45)	$44.1
LEADMAN		$35.85	$32.40	$4.55	$4.85	$0.48	$0.05	$0.05	$0.06	$0.23	($0.97)	($0.40)	($3.45)	$46.1
APPRENTICE FLOOR COVERING INSTALLER														
6 MONTHS	50%	$16.93	$15.20	$4.55	$2.43	$0.48	$0.05	$0.05	$0.06	$0.23	($0.97)	($0.20)	($1.73)	$24.7
6 MONTHS	55%	$18.62	$16.72	$4.55	$2.67	$0.48	$0.05	$0.05	$0.06	$0.23	($0.97)	($0.22)	($1.90)	$26.7
6 MONTHS	60%	$20.31	$18.24	$4.55	$2.91	$0.48	$0.05	$0.05	$0.06	$0.23	($0.97)	($0.24)	($2.07)	$28.6
6 MONTHS	65%	$22.00	$19.76	$4.55	$3.15	$0.48	$0.05	$0.05	$0.06	$0.23	($0.97)	($0.26)	($2.24)	$30.5
6 MONTHS	70%	$23.70	$21.28	$4.55	$3.40	$0.48	$0.05	$0.05	$0.06	$0.23	($0.97)	($0.28)	($2.42)	$32.5
6 MONTHS	75%	$25.39	$22.80	$4.55	$3.64	$0.48	$0.05	$0.05	$0.06	$0.23	($0.97)	($0.30)	($2.59)	$34.4
6 MONTHS	80%	$27.08	$24.32	$4.55	$3.88	$0.48	$0.05	$0.05	$0.06	$0.23	($0.97)	($0.32)	($2.76)	$36.3
6 MONTHS	90%	$30.47	$27.36	$4.55	$4.37	$0.48	$0.05	$0.05	$0.06	$0.23	($0.97)	($0.36)	($3.11)	$40.2
FLOOR PREPARATION WORKER														
		$23.67	$21.28	$4.55	$4.58	$0.00	$0.00	$0.05	$0.06	$0.23	($0.97)	($0.28)	($2.39)	$33.1
FLOOR PREPARATION WORKER TRAINEE														
6 MONTHS	45%	$9.58	$9.58	$4.55	$0.09	$0.00	$0.00	$0.05	$0.06	$0.23	($0.97)	($0.13)	$0.00	$14.5
6 MONTHS	50%	$11.84	$10.64	$4.55	$0.09	$0.00	$0.00	$0.05	$0.06	$0.23	($0.97)	($0.14)	($1.20)	$16.8
6 MONTHS	55%	$13.02	$11.70	$4.55	$0.60	$0.00	$0.00	$0.05	$0.06	$0.23	($0.97)	($0.15)	($1.31)	$18.5
6 MONTHS	60%	$14.20	$12.77	$4.55	$0.86	$0.00	$0.00	$0.05	$0.06	$0.23	($0.97)	($0.17)	($1.43)	$19.9
6 MONTHS	65%	$15.39	$13.83	$4.55	$1.12	$0.00	$0.00	$0.05	$0.06	$0.23	($0.97)	($0.18)	($1.55)	$21.4
6 MONTHS	70%	$16.57	$14.90	$4.55	$2.13	$0.00	$0.00	$0.05	$0.06	$0.23	($0.97)	($0.20)	($1.67)	$23.5
6 MONTHS	80%	$18.94	$17.02	$4.55	$3.15	$0.00	$0.00	$0.05	$0.06	$0.23	($0.97)	($0.22)	($1.91)	$26.9
6 MONTHS	90%	$21.30	$19.15	$4.55	$4.17	$0.00	$0.00	$0.05	$0.06	$0.23	($0.97)	($0.25)	($2.15)	$30.3
FLOOR COVERING HANDLER														
		$13.54	$12.16	$4.55	$1.94	$0.00	$0.00	$0.05	$0.06	$0.23	($0.97)	$0.00	($1.38)	$20.3
FLOOR COVERING HANDLER TRAINEE														
3 MONTHS	80%	$10.83	$9.73	$4.55	$1.55	$0.00	$0.00	$0.05	$0.06	$0.23	($0.97)	$0.00	($1.10)	$17.2
3 MONTHS	90%	$12.19	$10.94	$4.55	$1.75	$0.00	$0.00	$0.05	$0.06	$0.23	($0.97)	$0.00	($1.24)	$18.8

Appendix C

FLOOR COVERING

JANUARY 1, 2002 – DECEMBER 31, 2002

JULY 2002

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
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AUGUST 2002

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SEPTEMBER 2002

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OCTOBER 2002

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NOVEMBER 2002

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DECEMBER 2002

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22	23	24	25	26	27	28
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○ = LEGAL HOLIDAYS □ = DESIGNATED OFF DAYS

FLOOR COVERING

JANUARY 1, 2003 – DECEMBER 31, 2003

JANUARY 2003

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FEBRUARY 2003

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MARCH 2003

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APRIL 2003

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MAY 2003

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JUNE 2003

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JULY 2003

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AUGUST 2003

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SEPTEMBER 2003

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OCTOBER 2003

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NOVEMBER 2003

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DECEMBER 2003

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( ) LEGAL HOLIDAYS [ ] DESIGNATED OFF DAYS

FLOOR COVERING

JANUARY 1, 2004 – DECEMBER 31, 2004

JANUARY 2004

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FEBRUARY 2004

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MARCH 2004

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APRIL 2004

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MAY 2004

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JUNE 2004

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JULY 2004

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AUGUST 2004

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SEPTEMBER 2004

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OCTOBER 2004

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NOVEMBER 2004

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DECEMBER 2004

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○ = LEGAL HOLIDAYS □ = DESIGNATED

FLOOR COVERING

JANUARY 1, 2005 – DECEMBER 31, 2005

JANUARY 2005

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FEBRUARY 2005

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27	28					

MARCH 2005

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APRIL 2005

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MAY 2005

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29	(30)	31				

JUNE 2005

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19	20	21	22	23	24	25
26	27	28	29	30		

( ) = LEGAL HOLIDAYS [ ] = DESIGNATED OFF DAYS

B

SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: DECEMBER 4, 2002

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Sululagi Palega, Sr., President
Julie Lee, Vice President
George R. Brown, Commissioner
Betty J. Smith, Commissioner
Andrew J. Clark, Commissioner
Neola Gans, Commissioner

FROM: GREGG FORTNER, SECRETARY/EXECUTIVE DIRECTOR

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH SETO'S CONSTRUCTION TO PROVIDE CONSTRUCTION SERVICES FOR CANTILEVERED CANOPY FRAMING REPAIRS AT CAL 1-18(4), ALICE GRIFFITH, FOR AN AMOUNT NOT-TO-EXCEED $1,345,280.00

OVERVIEW

This resolution authorizes the Executive Director to execute a contract with Seto's Construction to provide construction services for Cantilevered Canopy Framing Repairs at CAL 1-18(4), ALICE GRIFFITH. The Authority issued Solicitation No: 02-620-IFB-053 on November 4, 2002 following review and approval of the bid package by the Finance and Procurement Departments.

PROCUREMENT

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

The Authority advertised for bidders and outreached to potential bidders as follows:

Past Bidders List, Contractors Blue Book & Yellow Pages: The Authority e-mailed, faxed or mailed its "Request for Bids" to 127 individual contractors listed in the Authority's Past Bidders List, the Contractors Blue Book and telephone directory yellow pages.

HRC: The Authority e-mailed, faxed or mailed its "Request for Bids" to 83 MBE/WBE contractors listed by the San Francisco Human Rights Commission.

Labor Unions: The Authority mailed its "Request for Bids" to Stan Warren at the San Francisco Buildings Trade Council and hand delivered a copy to Carpenters Union Local 22.

Newspapers: The Authority publicly advertised its "Request for Bids" in the following newspapers:

- Daily Pacific Builder (trade publication) 11/4/02 through 11/15/02
- San Francisco Bay View (African American community) 11/6/02 through 11/13/02
- Sing Tao Daily (Asian American Community) 11/6/02 through 11/15/02

Additional Newspapers: The Authority e-mailed its "Request for Bids" to the San Francisco Board of Supervisors office who placed the advertisement in the following community newspapers:

- San Francisco Bay View (African American community),
- El Latino (Hispanic American community),
- El Reportero (Hispanic American community),
- Asian Week (Chinese American community),
- Chinese Times (Chinese American community),
- San Francisco Bay Times (Lesbian/Gay/Bi-sexual/Transgender community),
- San Francisco Spectrum (Lesbian/Gay/Bi-sexual/Transgender community).

Public Agency Websites: The Authority e-mailed its "Request for Bids" to the following agencies who placed the advertisement in their website bulletin boards:

- City and County of San Francisco (City Purchasing Department),
- SBA
- Sub-Net
- Bid-Net
- MBDA

Builders Exchanges: The Authority sent its "Request for Bids", Plans and Specifications to the following Builders Exchanges, where the documents are available to Contractors for review and bid preparation:

- Dodge Scan/Daily Pacific Builder,
- San Francisco Builders Exchange,
- Peninsula Builders Exchange,
- Builders Exchange of Alameda, County
- Santa Clara Builders Exchange,

- Contra Costa Builders Exchange
- BV2HP Builders Exchange
- MECA Builders Exchange
- Marin Builders Exchange
- Building Exchange of Stockton
- Construction Data Plan Room
- Solano-Napa Builders Exchange
- Building Trades Council

The Authority issued Solicitation No. 02-620-IFB-053 to twenty four (24) potential bidders. At the pre-bid site inspection on November 20,2002, twenty-nine (29) contractors, the Authority's Consultants and Authority staff were present.

The Authority received seven (7) sealed responsible and responsive bids for the work, which were publicly opened and read aloud on December 4, 2002. The submitted bids are as follows:

#	BIDDER	BID	MBE/ WBE	25% RES. HIRE	SUBCONTRACT'R	MBE / WBE	SOURCE OF BID AWARENESS
1	Seto's Construction	$1,345,280.00	Yes	Yes	1. Reliance Construction 2. 101 Roofing 3. Davidson Plaster 4. Doherty Painting 5. Hanson Electrical	No Yes No Yes Yes	Not known
2	Fine Line Construction	$1,477,239.00	Yes	Yes	1. Allen Ricci Roofing 2. NB Drywall 3. RB Construction 4. Monticelli Painting 5. FMI Inc.	No Yes No Yes No	S.F.H.A. direct solicitation
3	Bay Construction	$1,596,830.00	Yes	Yes	1. Davidson Plaster 2. Pacific Environ. 3. Roger Construction	No Yes No	Daily Pacific Builder
4	CDX Builders	$1,638,000.00	No	Yes	1. NB Drywall 2. G. Martin Electric 3. Bayview Environ. 4. Western Roofing	No Yes Yes Yes	Website
5	Pioneer Contractors	$1,880,725.00	Yes	Yes	1. Trades Staff Contracting 2.Quantum Environmental	No No	Not known

6	Alten Construction	$1,927,396.00	No	Yes	1. Pioneer Contractors 2. James Island Plaster 3. Harrison Drywall 4. AJS paint & Deco 5. Trade Staff	Yes Yes No No No	Not known
7	Competent Builders Inc.	$1,997,000.00	No	Yes	1. IMR Roofing 2. Davidson Plaster 3. Herbert Construction 4. Billinger Co. 5.Synergy Environmental	Yes No No No No	SFHA invitation

Per HUD-5369 Instructions to Bidders, the contract award is based on the lowest, responsive and responsible bid. Therefore no panel was required to evaluate qualifications of various bidders for selection. Based on the above bids, Seto's Construction is the lowest, responsive and responsible bidder. The low bid is 4% lower than the consultant's cost estimate and budgeted amount.

OBJECTIVES

The objective of the Resolution is to authorize the Executive Director to enter into a contract to repair dry-rotted canopies over dwellng unit rear entry doors, repair subsequent water damage to unit interiors, and install new roofing and flashing at rear canopies to protect the health and safety of residents. Improvements being contracted for include but are not limited to the following Scope of Work:

1. Demolition of existing exterior and interior finishes as required to inspect and repair/replace all cantilevered outriggers, joists, rim joists, blocking, and other components.
2. Repair/replace deteriorated structural wood components.
3. Replace demolished exterior stucco and wood trim with new.
4. Replace demolished interior gypsum wallboard and wood trim with new.
5. Install new roofing and flashing at canopies.
6. Repaint affected areas to match existing.

PRESENT SITUATION

Alice Griffith, constructed in 1962, is a wood frame family housing development containing 254 units in two story buildings. The canopies above rear entry doors at all units are dry-rotted and in need of repair.

In September 2001, the Authority entered into contracts to repair and re-roof all dry rotted canopies and to re-roof all buildings. During reconstruction of the canopies the extent of dry rot damage to the canopies, interior ceiling framing and adjacent walls was revealed. The dry rot was so extensive that the scope of work was limited to the reconstruction and re-roofing of all front entry canopies and surrounding areas in order to stay within the contract and budget amounts. Repair to the rear entry canopies and their re-roofing was deleted from the scope of

work to be rebid at a later date. Repair of the front canopies and building re-roofing was completed.

ANTICIPATED OUTCOMES

Repair of the deteriorated framing is needed for the life-safety of residents. The framing repair of the canopies is necessary to complete the work started last year, and to protect the rear door and window openings. Seto's Construction will provide a two-year guarantee for materials and workmanship, in compliance with Authority standards.

WHO BENEFITS

Public housing residents will benefit from improved living conditions. The capital improvements will also benefit the Authority's real property assets and add to the longevity of the structures. The project will also provide employment for public housing residents under the resident hiring requirements.

BUDGET CONSIDERATIONS

The Cantilevered Canopy Framing Repair work is be funded in the Year 2001 Capital Fund Program budget. The low bid is 4% lower than the consultant's cost estimate and budgeted amount.

RESIDENT EMPLOYMENT

Seto's Construction is committed to exceeding the 25 percent resident hiring goal on this job. At least four of the 15 craft and administrative positions will be SFHA public housing residents.

MBE/WBE STATUS

Seto's Construction, Inc. is an MBE/WBE Contractor who will subcontract to five (5) subcontractors, three of which are MBE/WBE. The contractor is non-union but has agreed to comply with the hiring requirements of the SFHA/Building and Construction Trades Council MOU as follows:

1. All craftwork performed for this Project will be performed in accordance with the terms of the applicable collective bargaining agreement for the jurisdiction of this work.
2. Craft workers, including apprentices, shall be obtained in accordance with the MOU and applicable collective bargaining agreements and in full compliance with all applicable state and federal laws.
3. The ratio of Journeypersons to Apprentices shall not exceed 3:1. All available apprenticeship positions shall go to residents.
4. All contracting and subcontracting, at all levels, shall conform to SFHA policies, HUD regulations, and the goals for Minority Business Enterprise (MBE), Women Business

Enterprise (WBE) and Resident Business Enterprise participation established by HUD and/or the SFHA.

RECOMMENDATION

Seto's Construction has submitted a reasonable bid amount and funding is available through the Authority's Capital Fund Programs. Staff recommends adoption of the Resolution.

(Prepared by Basil Nicolaou, and Bob Dahlstrom)

RESOLUTION NO._____
DATE ADOPTED: _____

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH SETO'S CONSTRUCTION TO PROVIDE CONSTRUCTION SERVICES FOR CANTILEVERED CANOPY FRAMING REPAIRS AT CAL 1-18(4), ALICE GRIFFITH FOR AN AMOUNT NOT-TO-EXCEED $1,345,280.00.

WHEREAS, the San Francisco Housing Authority (Authority) received seven (7) acceptable bids for Cantilevered Canopy Framing Repairs at CAL 1-18(4), Alice Griffith as follows:

Bidder	Bid Amount
1. Pioneer Construction, Inc.	$1,880,752.00
2. Seto's Construction	$1,345,280.00
3. Competent Builders, Inc.	$1,997,000.00
4. CDX Builders, Inc.	$1,638,000.00
5. Alten Construction, Inc.	$1,927,396.00
6. Bay Construction Co.	$1,596,830.00
7. Fine Line Construction	$1,477,239.00

WHEREAS, Seto's Construction has submitted a bid of $1,345,280.00 to provide construction services for Cantilevered Canopy Framing Repairs at CAL 1-18(4), Alice Griffith; and

WHEREAS, the Department of Housing and Urban Development (HUD) has funded the Authority under the 2001 CFP (711) program to provide these construction services at CAL 1-18(4), Alice Griffith; and

WHEREAS, the procurement process for this contract meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1 "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws; and

WHEREAS, the Authority has evaluated the bid and determined that Seto's Construction is the lowest responsive and responsible bidder; and

WHEREAS, all additional relevant documents submitted by the bidder have been reviewed and found to be in order:

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to execute a contract with Seto's Construction for Construction Services for the Cantilevered Canopy Framing Repairs at CAL 1-18(4), Alice Griffith, in an amount not-to-exceed $1,345,280.00.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

CARL L. WILLIAMS, General Counsel

Date: 12-6-02

REVIEWED BY:

GREGG FORTNER
Executive Director

Date: 12/6/02

SAN FRANCISCO HOUSING AUTHORITY

1815 EGBERT AVENUE • SAN FRANCISCO, CALIFORNIA 94124 • (415) 715-3100

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Sululagi Palega, Sr., President
Julie Lee, Vice President
George R. Brown, Commissioner
Betty J. Smith, Commissioner
Andrew J. Clark, Commissioner
Neola Gans, Commissioner

FROM: GREGG FORTNER, SECRETARY / EXECUTIVE DIRECTOR

DATE: DECEMBER 12, 2002

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH SCA ENVIRONMENTAL, INC. TO PROVIDE ASBESTOS CONSULTING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $50,000

OVERVIEW

This Resolution will authorize the Executive Director to enter into a contract with the best-qualified asbestos consulting firm on an as-needed, task assignment basis for all developments over the next two years. This contract will provide for assistance to the San Francisco Housing Authority (Authority) in complying with the wide variety of asbestos regulations and guidelines that have been established at the Federal, State and local level, and for assistance in the management of asbestos and associated hazards, which present a health risk to workers and resident families.

This contract will replace three prior $50,000 contracts, which the Authority successfully completed in August 2002. During the two-year life of those contracts, the backlog of asbestos related tasks was significantly reduced, allowing the Authority to reduce its need for asbestos consulting services.

OBJECTIVE

The objective of this contract is to provide the Authority with competent professional, licensed asbestos consultants on an as-needed, task assignment basis, to assess the needs and provide technical expertise to ensure that:

1. Residents, workers, and the general public are protected from inappropriate exposure to asbestos hazards;
2. The management of asbestos-containing materials (ACM) is conducted according to statutory requirements and current "good practice" guidelines.

The Authority has initiated an aggressive rehabilitation program with Capital Fund Program funds, and anticipates that this rehabilitation activity will disturb ACM at any of its facilities during maintenance or renovation. The funds authorized by this contract will provide asbestos consulting services to support this program over the next two years or until the funds are expended.

The task assignment services may include:

1. Respond promptly to asbestos incidents and emergencies.

2. Prepare comprehensive specifications and mark drawings where ACM components have been identified in abatement work, interim controls and/or building demolition.

3. Provide oversight, inspection and clearance testing, technical assistance, and guidance for work on ACM, including demolition and renovation work, abatement activities, and maintenance work.

4. Provide training classes, prepare safe work procedures, and conduct exposure sampling for Authority personnel on asbestos work to assure it is in accordance with regulatory mandates and the HUD Guidelines.

5. Conduct ACM testing of building materials as needed to prepare workplans for asbestos related work, or to provide the required notification to a contractor of the presence of hazardous materials.

6. Assist the Authority to provide notification of asbestos related work activities and/or to report the presence of potential asbestos hazards to workers, residents, the general public and government agencies as required by Federal, State and local regulations.

7. Provide general consultation to the Authority on issues related to asbestos hazards.

8. Attend meetings as required.

PROCUREMENT

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws. The completed procurement process has been reviewed and approved by HUD.

The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ).

Solicitation Process

Pre-approval of the RFQ was obtained from Authority management prior to advertisement.

The RFQ was issued July 29, 2002, with announcements to the SF City Outreach Services. It was posted on the SF City Bids and Contracts newsletter, the SF City web site, the SFHA web site, and the Small Business Administrations' Sub-Net web site. An advertisement was published in the SF Bayview, the Sing Tao Daily, and the Daily Pacific Builder. Finally, the announcement was mailed directly to 23 local professional firms and individuals.

Five Statements of Qualifications were received by the August 29, 2002 deadline.

Evaluation Process

The written Statements of Qualifications were evaluated by the Evaluation Panel to select the highest-ranked firm. At the same time, staff checked the references provided by each firm.

Evaluation Criteria

Listed below are the evaluation criteria and their relative weight. Described in italics are the reasons for the different criteria. The Director of Contract/Procurement Division approved the criteria and weighting given to each, which is based on the Authority's standards for Request for Qualifications questions and weighing.

NO.	CRITERIA & REASON	WEIGHT
A	Criterion: Qualifications. *This allows evaluation of the firm's technical expertise as measured by the quantity and type of work performed by the firm and its years in business.*	20 points
B	Criterion: Staff Profiles. *This provides insight into the quality of the staff as measured by their professional degrees, licenses and experience with the type of work required by this contract. The local staff size to be assigned to this project, and their credentials, is a quantitative measure of their knowledge, and is indicative of*	25 points

NO.	CRITERIA & REASON	WEIGHT
	their ability to respond quickly with qualified staff.	
C	Criterion: Understanding of the project. *This demonstrates the firm's familiarity with asbestos issues most frequently encountered with urban public housing in both family housing and mid-rise buildings. A firm with this experience is most capable of providing economical, efficient solutions to by the Housing Authority.*	20 points
D	Criterion: Approach to Project. *This item allows us to determine that the selected firm not only has office technical skills but also possesses sufficient field experience to effectively deal with preparing construction bid documents, resolving field problems, and dealing with contractor issues.*	25 points
E	Criterion: Affirmative Action. *This allows evaluation of the firm's commitment to MBE/WBE participation and affirmative action practices.*	5 points
F	Criterion: Resident Hiring. *This allows an analysis of the firm's detailed plan for hiring and training Authority residents.*	5 points
	Total	100 points

The Evaluation Panel reviewed the firms' written Statements of Qualifications based on the above RFQ criteria and ranked the firms as follows:

Firm and Rank	Panelist 1	Panelist 2	Panelist 3	Total Score
1. SCA Environmental, Inc.	96	95	76	267
2. Harding / ESE, Inc.	88	95	78	261
3. IHI Environmental, Inc.	92	93	76	261
4. KELLCO	90	88	78	256
5. Health Science Associates	76	72	54	202

Evaluation Panel Conclusions
The Evaluation Panel determined that SCA Environmental, Inc. was the most qualified firm. SCA has successfully completed previous contracts with the Authority, the San Francisco Department of Public Health and Department of Public Works. It has provided asbestos consulting services to a wide variety of local residential developments for both private and non-profit organizations. The references from the firm's other clients were excellent, and the firm is not on the federal Excluded Parties List.

Evaluation Panel Members
Chairperson: Industrial Hygiene Manager, Housing Development and Modernization Department, Senior Project Manager. Selected for expertise in hazardous materials in public housing design and construction.

Member: Manager of Scheduling, Central Services Department. Selected for expertise in public housing construction and maintenance operations.

Member: District Director, Public Housing Operations. Selected for expert knowledge of the Authority's developments where asbestos abatement will be conducted.

PRESENT SITUATION
The prior two-year asbestos consultant contracts have expired. The FY01 and FY02 Capital Funds Program requires asbestos consulting services for numerous planned construction projects that will involve asbestos issues. In addition, short-term sporadic events will occur where asbestos is encountered unexpectedly.

ANTICIPATED OUTCOMES
If this contract is funded the anticipated outcomes are:

- The Authority will experience a reduction in the volume of ACM.
- The Authority will receive quality consultation on asbestos related issues.
- The Authority will be able to comply with all Federal, State and local regulations regarding asbestos.
- The Authority will receive documentation of abatement activities.
- The Authority will receive clearance and exposure air monitoring to document airborne asbestos levels.
- Residents, workers, the general public and the environment will receive optimum protection from exposure to asbestos hazards on construction projects.
- Residents will have opportunity for training and employment.

WHO BENEFITS
Residents benefit from the reduction of asbestos hazards. Workers will benefit from the reduction of asbestos hazards during construction and maintenance activities. Residents also benefit by the Authority's ability to respond quickly to emergency situations.

BUDGET CONSIDERATIONS

Funding for this contract is immediately available within the 2001 and 2002 Capital Fund Programs. Hourly billing rates and reimbursable expenses have been negotiated and established at rates comparable to those in the Authority's previous environmental contracts.

RESIDENT EMPLOYMENT

SCA Environmental, Inc. achieved 30% resident employment in its most recent contract with the Authority, and has agreed to hire public housing residents to meet or exceed the 25% requirement for this new contract. They have met with the Authority's resident hiring specialist to seek out and interview qualified Authority residents for job opportunities in their office.

MBE/WBE STATUS

SCA Environmental, Inc. is a local Disadvantaged Minority Business Enterprise certified by the San Francisco Human Rights Commission. It will subcontract 10% of its work to Micro Analytical Laboratories (MBE) and Elite Reprographics (WBE). SCA has a diverse workforce in its office and has provided an Affirmative Action Acknowledgement form that meets the requirements of Executive Order 11246.

RECOMMENDATION

I recommend approval of this Resolution.

(Prepared by Barbara Smith, Steve Haines, and Richard McGuire,
Housing Development and Modernization Department)

RESOLUTION NO._____
DATE ADOPTED: _____

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH SCA ENVIRONMENTAL, INC. TO PROVIDE ASBESTOS CONSULTING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $50,000

WHEREAS, the San Francisco Housing Authority (Authority) requires a consultant who can provide asbestos consulting services on an as-needed, task assignment basis; and

WHEREAS, the contracts with the current asbestos consultants have expired; and

WHEREAS, the Authority has programmed capital work funded with the 2001 and 2002 Capital Fund Programs which will require asbestos consulting services; and

WHEREAS, SCA Environmental, Inc. has been selected through the Request for Qualifications process as the most qualified firm for this work; and

WHEREAS, funding is available within the 2001 and 2002 Capital Fund Programs budgets; and

WHEREAS, the procurement process for this contract meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1 "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws, and has been reviewed and approved by HUD.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a two-year contract on an as-needed, task assignment basis contract with SCA Environmental, Inc. for Asbestos Consulting Services for all developments in a total amount not-to-exceed $50,000.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Carl L. Williams

CARL L. WILLIAMS, General Counsel

Date: 12-5-02

REVIEWED BY:

GREGG FORTNER, Executive Director

Date: 12/5/02

SCA

ENVIRONMENTAL, INC.

Engineering and Environmental Consultants

HOURLY RATE SCHEDULE

TITLE	LEVEL	FEE†
Senior Consultant	Professional V	$ 140
Consultant	Professional IV	$ 110
Architect (AIA)	Professional IV	$ 100
Industrial Hygienist III (CIH*)	Professional III	$ 95
Industrial Hygienist II	Professional II	$ 80
Senior Project Manager	Professional II	$ 80
Project Manager	Professional I	$ 65
Asst. Industrial Hygienist (IHIT***)	Professional I	$ 65
Junior Industrial Hygienist	Technician III	$ 55
Industrial Hygiene Technician	Technician II	$ 45
Registered Geologist (RG)	Professional III	$ 95
Professional Engineer (PE**)	Professional III	$ 90
Geologist	Professional I	$ 65
Construction Specialist	Professional I	$ 55
Project Engineer	Professional I	$ 55
Design Engineer	Technician I	$ 35
Environmental Engineer III	Professional III	$ 90
Environmental Engineer II	Professional II	$ 75
Environmental Engineer I	Professional I	$ 45
Environmental Scientist II	Professional I	$ 65
Environmental Technician II	Technician II	$ 50
Environmental Technician I	Technician I	$ 45
Computer Scientist III	Professional III	$ 90
Computer Scientist II	Professional II	$ 70
Computer Scientist I	Professional I	$ 50
Laboratory Analyst	Professional I	$ 45
Administrative Manager	Support Staff II	$ 65
Technical Editor	Support Staff II	$ 50
Information Specialist	Support Staff II	$ 45
Drafter/Graphics Artist	Support Staff I	$ 35
Word Processor	Support Staff I	$ 35
Administrative Support	Support Staff I	$ 30
Courier		$ 15

* Certified Industrial Hygienist

** Professional Engineer

*** Industrial Hygienist-in-Training

† Premium time will be billed at the above rate plus 16% for field work over 8 hours/day and/or required after 6:00pm and before 7:00am on weekdays and all hours on weekends and holidays

Time spent on deposition or court appearances and their related activities will be billed at above rate plus 100%.

SCA

ENVIRONMENTAL, INC.

Engineering and Environmental Consultants

EQUIPMENT FEES AND OTHER SERVICES

Analysis of Asbestos Samples:	
Air Sample in Field	$ 5.00/sample*
Air Sample in Laboratory:	
Phase Contrast Microscopy (<12-hr turnaround):	
1-10 samples/day	$ 22.00/sample
Larger Projects	Quoted for Project or $15/ea
Transmission Electron Microscopy (as quoted by Micro-Analytical***):	
≤8 hours turnaround	$ 125.00/sample
≤24 hours turnaround	$ 100.00/sample
≤48 hours turnaround	$ 90.00/sample
≤5 days turnaround	$ 75.00/sample
Outside/Blank Mounting and Log-In	$ 24.00/sample
Bulk Sample in Laboratory (with 3 to 5-day turnaround as quoted by ALSF)***:	
Friable and Non-Friable Samples	$ 10.00/sample
Vacuum	$ 30.00/sample
Metals by Atomic Absorption (for turnaround time as quoted by Micro-Analytical)*:**	
Air for Lead by AAS/ICP (≤24 hrs turnaround)	$ 25.00/sample
Air for Lead by AAS/ICP (>24 hrs turnaround)	$ 15.00/sample
Paint, Soil and Wipe for Lead by AAS/ICP (≤24 hrs turnaround)	$ 25.00/sample
Paint, Soil and Wipe for Lead by AAS/ICP (>24 hrs turnaround)	$ 15.00/sample
Water Sample for Lead by AAS/ICP (≤24 hrs turnaround)	$ 25.00/sample
Water Sample for Lead by AAS/ICP (>24 hrs turnaround)	$ 15.00/sample
Other Metals	Quoted for Project
Equipment Rental:	
Microscope	$ 40.00/day
Personal (Low Volume) Sampling Pump	$ 6.00/day
High Volume Pump	$ 7.50/day
Video Surveillance System	$ 10.00/day
HEPA Vacuum Cleaner	$ 12.00/day
Porta-Counter	$ 100.00/day
Borescope	$ 40.00/day
B & K 1302 Multi-gas Analyzer/CO^2 Monitor	$ 200/100/day
Niton XRF Analyzer	$ 250.00/day
Mini-Ram Monitor$	85.00/day
Miscellaneous Equipment per Day	1.5% of Replacement Cost
Expendables:	
PCM Sampling Cassette	$ 3.00/sample
TEM Sampling Cassette	$ 4.00/sample
Detector/Smoke Tubes	$ 4.00/each
HEPA Cartridges	$ 5.00/each
PAPR Cartridges	$ 16.00/each
Tyvek Coveralls	$ 5.00/each
Polaroid Film	$ 10.00/packet
Out-of-Pocket Expenses**	Cost + 15%
Mileage	$ 0.32/mile

* Analysis by phase contrast microscopy in accordance with NIOSH Method 7400.

** Includes charges for services, equipment and facilities not furnished directly by SCA such as but not limited to travel costs; report reproduction and binding costs; long distance communication; shipping charges; courier costs; miscellaneous supplies; equipment rental; and outside laboratory fees.

*** Costs indicated plus 15% handling.

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SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Sululagi Palega, Sr., President
Julie Lee, Vice President
George R. Brown, Commissioner
Betty J. Smith, Commissioner
Andrew J. Clark, Commissioner
Neola Gans, Commissioner

FROM: GREGG FORTNER, SECRETARY / EXECUTIVE DIRECTOR

DATE: DECEMBER 12, 2002

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH LEE INCORPORATED TO PROVIDE CIVIL ENGINEER CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000

OVERVIEW

This Resolution will authorize the Executive Director to enter into a contract with the highest-ranked civil engineer consulting firm on an as-needed, task assignment basis for all developments over the next two years. This contract will provide the San Francisco Housing Authority (Authority) civil engineering services for the FY01 and FY02 Capital Fund Programs.

The contract with the current consultant, LEE Incorporated, was successfully completed in July 2002. During the two-year life of that contract, thirteen separate task assignments were completed. The various tasks included the design, preparation of construction documents, review of contractor bids, and provision of civil engineering expertise for sewer rehabilitation, accessible parking lots and building entries, and correction of groundwater springs and landslides.

OBJECTIVE

The objective of this contract is to provide the Authority with competent professional, licensed civil engineering consultants to assess the need, design the solution, prepare construction documents for public bidding, and provide technical expertise to evaluate the contractor's construction and performance under the contract.

The task assignment services may include:

Existing Facilities:

1. Provide field and office testing and investigations, evaluations, analysis and reports in writing;

2. Develop recommendations and cost estimates to provide corrective actions to any problems revealed in a particular portion of the work;

3. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

4. Apply for and obtain building permits; or

5. Prepare comprehensive construction documents for construction work performed by the Local Authority's crafts people.

New Construction:

6. Provide Programming;

7. Prepare schematic designs, design developments, outline specifications, construction cost estimates;

8. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

9. Apply for and obtain building permits; or

10. Prepare comprehensive construction documents for construction work performed by the Local Authority's crafts people.

General

11. Assist with clarifications during the bid process, evaluation of bids received process, contract award and pre-construction phases;

12. Assist the Local Authority's staff during the construction phase by providing construction administration support services such as clarifications, review of proposed contract changes,

performing periodic site inspections, and conducting a final survey to determine if the work performed was in accordance with the project plans and specifications; and

13. Attend meetings as required.

PROCUREMENT

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws. The completed procurement process has been reviewed and approved by HUD.

The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ).

Solicitation Process

Pre-approval of the RFQ was obtained from Authority management prior to advertisement.

The RFQ was issued August 12, 2002, with announcements to the SF City Outreach Services and the American Institute of Architects. It was posted on the SF City Bids and Contracts newsletter, the SF City web site, the SFHA web site, and the Small Business Administrations' Sub-Net web site. An advertisement was published in the SF Bayview, the Sing Tao Daily, and the Daily Pacific Builder. Finally, the announcement and proposals were mailed directly to 13 local professional firms and individuals.

Four Statements of Qualifications were received by the September 12, 2002 deadline.

Evaluation Process

The written Statements of Qualifications were evaluated by the Evaluation Panel to select the highest-ranked firms for oral interviews. At the same time, staff checked the references provided by each firm. After the interviews, the Evaluation Panel prepared a final evaluation and scoring to select the firm with the highest-ranked qualifications.

Evaluation Criteria

Listed below are the evaluation criteria and their relative weight. Described in italics are the reasons for the different criteria. The Director of Contract/Procurement Division approved the criteria and weighting given to each, which is based on the Authority's standards for Request for Qualifications questions and weighing.

NO.	CRITERIA & REASON	WEIGHT
A	Criterion: Qualifications. *This allows evaluation of the firm's technical expertise as measured by the quantity and type of work performed by the firm and its years in business.*	20 points
B	Criterion: Staff Profiles. *This provides insight into the quality of the staff as measured by their professional degrees, licenses and experience with the type of work required by this contract. The local staff size and their credentials is a quantitative measure of their knowledge, and is indicative of their ability to respond quickly with qualified staff.*	20 points
C	Criterion: Understanding of the project. *This demonstrates the firm's familiarity with civil engineering issues most frequently encountered with urban public housing in both family housing and mid-rise buildings. A firm with this experience is most capable of providing economical, efficient solutions to by the Housing Authority.*	20 points
D	Criterion: Approach to Project. *This item allows us to determine that the selected firm not only has office technical skills but also possesses sufficient field experience to effectively deal with field problems and contractor issues.*	20 points
E	Criterion: Affirmative Action. *This allows evaluation of the firm's commitment to MBE/WBE participation and analysis of its detailed plan for hiring and training Authority residents.*	20 points
	Total	100 points

The Evaluation Panel reviewed the firms' written Statements of Qualifications based on the above RFQ criteria and ranked the firms as follows:

Firm and Rank	Panelist 1	Panelist 2	Panelist 3	Average Score
1. LEE Incorporated	88	96	91	91.7
2. Telamon Engineering	84	98	85	89.0
3. John E. Dorow, LLC	65	77	76	72.7
4. Pacific State Engineering	50	71	79	66.7

The two firms with the lowest scores were determined to not meet the technical needs of the Authority. Separate interviews were conducted with the two top-ranked firms on October 21, 2002, during which time the respondents discussed their Qualifications and clarified issues raised by the Evaluation Panel. After the interviews, the Evaluation Panel conducted a final scoring and ranking of the firms as follows:

Firm and Rank	Panelist 1	Panelist 2	Panelist 3	Average Score
1. LEE Incorporated	90	97	94	93.7
2. Telamon Engineering	77	95	86	86.0

Evaluation Panel Conclusions
The Evaluation Panel determined that LEE Incorporated was the most qualified firm. LEE Incorporated has successfully completed a previous contract with the Authority for as-needed civil engineering consultant services. The references from the firm's other clients were excellent, and the firm is not on the federal Excluded Parties List.

Evaluation Panel Members
Chairperson: Architect, Housing Development and Modernization Department, Acting Deputy Administrator. Selected for expertise in public housing design and construction, consultant management and understanding of the Capital Grant Program.

Member: Maintenance Department, Manager, Inspection and Scheduling. Selected for expertise in public housing maintenance.

Member: Architect, Housing Development and Modernization Department, Senior Project Manager. Selected for expertise in public housing design and construction.

PRESENT SITUATION
The prior two-year civil engineer consultant contract is successfully completed. The FY01 and FY02 Capital Funds Program requires civil engineering consulting services for numerous planned construction projects, including sidewalk and street repair, ADA/Section 504 reasonable accommodation, and playground site work.

ANTICIPATED OUTCOMES
If this contract is funded the anticipated outcomes are:

- The Authority will receive quality civil engineer consultant services for Capital Fund Program construction.
- The Authority will be able to comply with all Federal, State and City Codes and Regulations.
- The Authority will provide a safer and efficient service to residents.
- Residents will have opportunity for training and employment.

WHO BENEFITS

Residents benefit from having appropriate civil engineering consultant services for all contracted and in-house construction work. Poorly designed capital improvements run the risk of code violations. Residents also benefit by the Authority's ability to respond quickly to emergency situations.

BUDGET CONSIDERATIONS

Funding for this contract is immediately available within the 2001 and 2002 Capital Fund Programs. The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ). After the most-qualified firm is selected, the hourly billing rates and reimbursable expenses are negotiated. The rates are not confidential, as there is no price competition between the responding firms.

The negotiated hourly billing rates are the same as the rates paid by the Authority for civil engineering services in 1999:

Project Manager	$124
Senior Engineer	$110
Staff Engineer	$ 89
CAD Operator	$ 77
Clerical	$ 47

RESIDENT EMPLOYMENT

LEE Incorporated has agreed to hire public housing residents to meet or exceed the 25% requirement established by Commission Resolution No. 4967 for non-construction contracts that exceed $50,000. They have met with the Authority's resident hiring specialist to seek out and interview qualified Authority residents for job opportunities in their office for surveying assistants, technical trainees and/or administrative assistants. They are willing to participate with other Authority architect and engineer consultants to provide more extensive training for selected residents, and they will provide over 250 hours of full-time employment of public housing residents for this contract.

MBE/WBE STATUS

LEE Incorporated is an economically disadvantaged, local Minority Business Enterprise/Women Business Enterprise certified by the San Francisco Human Rights Commission. It has a diverse workforce in its office and has provided an Affirmative Action Acknowledgement form that meets the requirements of Executive Order 11246.

RECOMMENDATION

I recommend approval of this Resolution.

(Prepared by Barbara Smith and Steve Haines, Housing Development and Modernization Department)

RESOLUTION NO._____
DATE ADOPTED: _____

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH LEE INCORPORATED TO PROVIDE CIVIL ENGINEER CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000

WHEREAS, the San Francisco Housing Authority (Authority) requires a consultant who can provide civil engineering consultant services on an as-needed, task assignment basis; and

WHEREAS, the contract with the current civil engineering consultant has expired; and

WHEREAS, the Authority has programmed capital work funded with the 2001 and 2002 Capital Fund Programs which will require civil engineering consultant services; and

WHEREAS, LEE Incorporated has been selected through the Request for Qualifications process as the most qualified firm for this work; and

WHEREAS, funding is available within the 2001 and 2002 Capital Fund Programs budgets; and

WHEREAS, the procurement process for this contract meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1 "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws, and has been reviewed and approved by HUD.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a two-year contract with LEE Incorporated for Civil Engineer Consultant Services on an as-needed, task assignment basis for all developments in a total amount not-to-exceed $100,000.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

CARL L. WILLIAMS, General Counsel

Date: 12-5-02

REVIEWED BY:

GREGG FORTNER, Executive Director

Date: 12/5/02

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SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Sululagi Palega, Sr., President
Julie Lee, Vice President
George R. Brown, Commissioner
Betty J. Smith, Commissioner
Andrew J. Clark, Commissioner
Neola Gans, Commissioner

FROM: GREGG FORTNER, SECRETARY / EXECUTIVE DIRECTOR

DATE: DECEMBER 12, 2002

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH F. W. ASSOCIATES, INC. TO PROVIDE ELECTRICAL ENGINEER CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $300,000

OVERVIEW
This Resolution will authorize the Executive Director to enter into a contract with the highest-ranked electrical engineer consulting firm on an as-needed, task assignment basis for all developments over the next two years. This contract will provide the San Francisco Housing Authority (Authority) electrical engineering services for the FY01 and FY02 Capital Fund Programs.

The contract with the current consultant, Pete O. Lapid and Associates, Inc. is expiring January 16, 2003. During the two-year life of that contract, thirteen separate task assignments were successfully completed, including the design, preparation of construction documents, review of contractor bids, and provision of electrical engineering expertise for fire alarm systems, emergency generators, and building entrance intercom systems.

OBJECTIVE
The objective of this contract is to provide the Authority with competent professional, licensed electrical engineering consultants to assess the need, design the solution, prepare construction documents for public bidding, and provide technical expertise to evaluate the contractor's construction and performance under the contract.

The task assignment services may include:

Existing Facilities:

1. Provide field and office testing and investigations, evaluations, analysis and reports in writing;

2. Develop recommendations and cost estimates to provide corrective actions to any problems revealed in a particular portion of the work;

3. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

4. Apply for and obtain building permits; or

5. Prepare comprehensive construction documents for construction work performed by the Local Authority's crafts people.

New Construction:

6. Provide Programming;

7. Prepare schematic designs, design developments, outline specifications, construction cost estimates;

8. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

9. Apply for and obtain building permits; or

10. Prepare comprehensive construction documents for construction work performed by the Local Authority's crafts people.

General

11. Assist with clarifications during the bid process, evaluation of bids received process, contract award and pre-construction phases;

12. Assist the Local Authority's staff during the construction phase by providing construction administration support services such as clarifications, review of proposed contract changes, performing periodic site inspections, and conducting a final survey to determine if the work performed was in accordance with the project plans and specifications; and

13. Attend meetings as required.

PROCUREMENT

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws. The completed procurement process has been reviewed and approved by HUD.

The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ).

Solicitation Process

Pre-approval of the RFQ was obtained from Authority management prior to advertisement.

The RFQ was issued August 12, 2002, with announcements to the SF City Outreach Services and the American Institute of Architects. It was posted on the SF City Bids and Contracts newsletter, the SF City web site, the SFHA web site, and the Small Business Administrations' Sub-Net web site. An advertisement was published in the SF Bayview, the Sing Tao Daily, and the Daily Pacific Builder. Finally, the announcement and proposals were mailed directly to 12 local professional firms and individuals.

Seven Statements of Qualifications were received by the September 12, 2002 deadline.

Evaluation Process

The written Statements of Qualifications were evaluated by the Evaluation Panel to select the highest-ranked firms for oral interviews. At the same time, staff checked the references provided by each firm. After the interviews, the Evaluation Panel prepared a final evaluation and scoring to select the firm with the highest-ranked qualifications.

Evaluation Criteria

Listed below are the evaluation criteria and their relative weight. Described in italics are the reasons for the different criteria. The Director of Contract/Procurement Division approved the criteria and weighting given to each, which is based on the Authority's standards for Request for Qualifications questions and weighting.

No.	Criteria & Reason	Weight
A	Criterion: Qualifications. *This allows evaluation of the firm's technical expertise as measured by the quantity and type of work performed by the firm and its years in business.*	20 points

B Criterion: Staff Profiles. 20 points

This provides insight into the quality of the staff as measured by their professional degrees, licenses and experience with the type of work required by this contract. The local staff size and their credentials is a quantitative measure of their knowledge, and is indicative of their ability to respond quickly with qualified staff.

C Criterion: Understanding of the project. 20 points

This demonstrates the firm's familiarity with electrical engineering issues most frequently encountered with urban public housing in both family housing and mid-rise buildings. A firm with this experience is most capable of providing economical, efficient solutions to by the Housing Authority.

D Criterion: Approach to Project. 20 points

This item allows us to determine that the selected firm not only has office technical skills but also possesses sufficient field experience to effectively deal with field problems and contractor issues.

E Criterion: Affirmative Action. 20 points

This allows evaluation of the firm's commitment to MBE/WBE participation and analysis of its detailed plan for hiring and training Authority residents.

Total 100 points

The Evaluation Panel reviewed the firms' written Statements of Qualifications based on the above RFQ criteria and ranked the firms as follows:

Firm and Rank	Panelist 1	Panelist 2	Panelist 3	Average Score
1. Pete O. Lapid and Associates, Inc.	92	83	90	88.3
2. F. W. Associates, Inc.	86	86	85	89.0
3. Ray I. Juachon & Associates	82	79	80	80.3
4. Bhatia Associates, Inc.	60	79	64	67.7
5. NBA Engineering Inc.	64	75	48	62.3
6. Kelvin L. Solomon, P.E.	45	74	40	53.0
7. Alliance Engineering Consultants, Inc.	40	60	48	49.3

The four firms with the lowest scores were determined to not meet the technical needs of the Authority. Separate interviews were conducted with the three top-ranked firms on October 22, 2002, during which time the respondents discussed their Qualifications and clarified issues raised by the Evaluation Panel. After the interviews, the Evaluation Panel conducted a final scoring and ranking of the firms as follows:

Firm and Rank	Panelist 1	Panelist 2	Panelist 3	Average Score
1. F. W. Associates, Inc.	88.5	86.5	86.5	87.2
2. Pete O. Lapid and Associates, Inc.	89.0	76.0	83.0	82.7
3. Ray I. Juachon & Associates	82.5	75.0	72.5	76.7

Evaluation Panel Conclusions
The Evaluation Panel determined that F. W. Associates, Inc. was the most qualified firm. F. W. Associates, Inc. has successfully completed previous contracts with the City and County of San Francisco at City Hall, the Airport, and the California Academy of Sciences. It has provided electrical engineering services to a wide variety of local residential developments for both private and non-profit organizations. The references from the firm's other clients were excellent, and the firm is not on the federal Excluded Parties List.

Evaluation Panel Members
Chairperson: Architect, Housing Development and Modernization Department, Senior Project Manager. Selected for expertise in public housing design and construction, consultant management and understanding of the Capital Grant Program.

Member: Electrician, Maintenance Department. Selected for expertise in public housing maintenance of electrical systems.

Member: Architect, Housing Development and Modernization Department, Senior Project Manager. Selected for expertise in public housing design and construction, including security systems, intercom systems, and fire alarm systems.

PRESENT SITUATION
The prior two-year electrical engineer consultant contract is expiring. The FY01 and FY02 Capital Funds Program requires electrical engineer consulting services for numerous planned construction projects, including residential mid-rise fire alarm systems, emergency generators, and residential intercom systems.

ANTICIPATED OUTCOMES
If this contract is funded the anticipated outcomes are:

- The Authority will receive quality electrical engineer services for CFP construction.
- The Authority will be able to comply with all Federal, State and City Codes and Regulations.
- The Authority will provide a safer and efficient service to residents.
- Residents will have opportunity for training and employment.

WHO BENEFITS

Residents benefit from having appropriate electrical engineering consultant services for all contracted and in-house construction work. Poorly designed capital improvements run the risk of code violations. Residents also benefit by the Authority's ability to respond quickly to emergency situations.

BUDGET CONSIDERATIONS

Funding for this contract is immediately available within the 2001 and 2002 Capital Fund Programs. The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ). After the most-qualified firm is selected, the hourly billing rates and reimbursable expenses are negotiated. To bring the hourly billing rates in line with the Authority's other consultants, savings were negotiated from the consultant. As there is no price competition between the responding firms, the rates are not confidential:

Position	Consultant's Rate	Negotiated Rate	Savings
Principal in Charge	$150	$125	$25
Project Engineer	$125	$110	$15
Senior Engineer	$110	$100	$10
Engineer	$100	$90	$10
Designer	$90	$80	$10
CAD Operator/Draftsman	$65	$65	

RESIDENT EMPLOYMENT

F. W. Associates, Inc. has agreed to hire public housing residents to meet or exceed the 25% requirement established by Commission Resolution No. 4967 for non-construction contracts that exceed $50,000. They have met with the Authority's resident hiring specialist to seek out and interview qualified Authority residents for job opportunities in their office for surveying assistants, technical trainees and/or administrative assistants. They are willing to participate with other Authority architect and engineer consultants to provide more extensive training for selected residents, and they will provide over 600 hours of full-time employment of public housing residents for this contract.

MBE/WBE STATUS

F. W. Associates, Inc. is a local Disadvantaged Minority Business Enterprise certified by the San Francisco Human Rights Commission. It has a diverse workforce in its office and has provided an Affirmative Action Acknowledgement form that meets the requirements of Executive Order 11246.

RECOMMENDATION

I recommend approval of this Resolution.

(Prepared by Barbara Smith and Steve Haines, Housing Development and Modernization Department)

RESOLUTION NO._____
DATE ADOPTED: _____

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH F. W. ASSOCIATES, INC. TO PROVIDE ELECTRICAL ENGINEER CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $300,000

WHEREAS, the San Francisco Housing Authority (Authority) requires a consultant who can provide electrical engineering consultant services on an as-needed, task assignment basis; and

WHEREAS, the contract with the current electrical engineering consultant has expired; and

WHEREAS, the Authority has programmed capital work funded with the 2001 and 2002 Capital Fund Programs which will require electrical engineering consultant services; and

WHEREAS, F. W. Associates, Inc. has been selected through the Request for Qualifications process as the most qualified firm for this work; and

WHEREAS, funding is available within the 2001 and 2002 Capital Fund Programs budgets; and

WHEREAS, the procurement process for this contract meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1 "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws, and has been reviewed and approved by HUD.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a two-year contract with F. W. Associates, Inc. for Electrical Engineer Consultant Services on an as-needed, task assignment basis for all developments in a total amount not-to-exceed $300,000.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Carl L. Williams

CARL L. WILLIAMS, General Counsel

Date: 12-5-02

REVIEWED BY:

GREGG FORTNER, Executive Director

Date: 12/5/02

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Sululagi Palega, Sr., President
Julie Lee, Vice President
George R. Brown, Commissioner
Betty J. Smith, Commissioner
Andrew J. Clark, Commissioner
Neola Gans, Commissioner

FROM: GREGG FORTNER, SECRETARY / EXECUTIVE DIRECTOR

DATE: DECEMBER 12, 2002

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH MECHANICAL SOLUTIONS TO PROVIDE MECHANICAL ENGINEER CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $150,000

OVERVIEW

This Resolution will authorize the Executive Director to enter into a contract with the highest-ranked mechanical engineer consulting firm on an as-needed, task assignment basis for all developments over the next two years. This contract will provide the San Francisco Housing Authority (Authority) mechanical engineering services for the FY01 and FY02 Capital Fund Programs.

This contract replaces a similar two-year, $200,000 contract that was successfully completed in July 2002. During the two-year life of that contract, twenty-two separate task assignments were completed. The various tasks included the design, preparation of construction documents, review of contractor bids, and provision of mechanical engineering expertise for heating and domestic water piping replacement, boiler system replacements, and kitchen ventilation systems.

OBJECTIVE

The objective of this contract is to provide the Authority with competent professional, licensed mechanical engineering consultants to assess the need, design the solution, prepare construction documents for public bidding, and provide technical expertise to evaluate the contractor's construction and performance under the contract.

The task assignment services may include:

Existing Facilities:

1. Provide field and office testing and investigations, evaluations, analysis and reports in writing;

2. Develop recommendations and cost estimates to provide corrective actions to any problems revealed in a particular portion of the work;

3. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

4. Apply for and obtain building permits; or

5. Prepare comprehensive construction documents for construction work performed by the Local Authority's crafts people.

New Construction:

6. Provide Programming;

7. Prepare schematic designs, design developments, outline specifications, construction cost estimates;

8. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

9. Apply for and obtain building permits; or

10. Prepare comprehensive construction documents for construction work performed by the Local Authority's crafts people.

General

11. Assist with clarifications during the bid process, evaluation of bids received process, contract award and pre-construction phases;

12. Assist the Local Authority's staff during the construction phase by providing construction administration support services such as clarifications, review of proposed contract changes, performing periodic site inspections, and conducting a final survey to determine if the work performed was in accordance with the project plans and specifications; and

13. Attend meetings as required.

PROCUREMENT

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws. The completed procurement process has been reviewed and approved by HUD.

The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ).

Solicitation Process

Pre-approval of the RFQ was obtained from Authority management prior to advertisement.

The RFQ was issued August 12, 2002, with announcements to the SF City Outreach Services and the American Institute of Architects. It was posted on the SF City Bids and Contracts newsletter, the SF City web site, the SFHA web site, and the Small Business Administrations' Sub-Net web site. An advertisement was published in the SF Bayview, the Sing Tao Daily, and the Daily Pacific Builder. Finally, the announcement and RFQ documents were mailed directly to 16 local professional firms and individuals.

Three Statements of Qualifications were received by the September 12, 2002 deadline.

Evaluation Process

The Evaluation Panel reviewed the written Statement of Qualifications from each responding firm. At the same time, staff checked the references provided by each firm. Each firm was given an oral interview, after which the Evaluation Panel prepared a final evaluation and scoring to select the firm with the highest-ranked qualifications.

Evaluation Criteria

Listed below are the evaluation criteria and their relative weight. Described in italics are the reasons for the different criteria. The Director of Contract/Procurement Division approved the criteria and weighting given to each, which is based on the Authority's standards for Request for Qualifications questions and weighing.

NO.	CRITERIA & REASON	WEIGHT
A	Criterion: Qualifications. *This allows evaluation of the firm's technical expertise as measured by the quantity and type of work performed by the firm and its years in business.*	20 points
B	Criterion: Staff Profiles. *This provides insight into the quality of the staff as measured by their professional degrees, licenses and experience with the type of work required by this contract. The local staff size and their credentials is a quantitative measure of their knowledge, and is indicative of their ability to respond quickly with qualified staff.*	20 points
C	Criterion: Understanding of the project. *This demonstrates the firm's familiarity with mechanical engineering issues most frequently encountered with urban public housing in both family housing and mid-rise buildings. A firm with this experience is most capable of providing economical, efficient solutions to by the Housing Authority.*	20 points
D	Criterion: Approach to Project. *This item allows us to determine that the selected firm not only has office technical skills but also possesses sufficient field experience to effectively deal with field problems and contractor issues.*	20 points
E	Criterion: Affirmative Action. *This allows evaluation of the firm's commitment to MBE/WBE participation and analysis of its detailed plan for hiring and training Authority residents.*	20 points
	Total	100 points

The Evaluation Panel first reviewed the firms' written Statements of Qualifications based on the above RFQ criteria. The Panel then conducted interviews with each firm on October 16, 2002, during which time the respondents discussed their Qualifications and clarified issues raised by the Evaluation Panel. After the interviews, the Evaluation Panel conducted a final scoring and ranking of the firms as follows:

Firm and Rank	Panelist 1	Panelist 2	Panelist 3	Average Score
1. Mechanical Solutions	84.5	80.5	89.0	84.7
2. UESF Engineering, Inc.	77.0	67.0	74.5	72.8
3. NBA Engineering, Inc.	76.5	66.0	74.5	72.3

Evaluation Panel Conclusions
The Evaluation Panel determined that Mechanical Solutions was the most qualified firm. Mechanical Solutions has successfully completed a previous contract with the Authority for as-needed mechanical engineering consultant services. The references from the firm's other clients were excellent, and the firm is not on the federal Excluded Parties List.

Evaluation Panel Members
Chairperson: Architect, Housing Development and Modernization Department, Senior Project Manager. Selected for expertise in public housing design and construction, consultant management and understanding of the Capital Grant Program.

Member: Central Services, Plumbing Foreman. Selected for expertise in maintenance of public housing mechanical systems.

Member: Architect, Housing Development and Modernization Department, Senior Project Manager. Selected for expertise in public housing design and construction.

PRESENT SITUATION
The prior two-year mechanical engineer consultant contract is successfully completed. The FY01 and FY02 Capital Funds Program requires mechanical engineering consulting services for numerous planned construction projects, including replacement residential boiler systems, improving water and sewer piping, and improving residential kitchen ventilation.

ANTICIPATED OUTCOMES
If this contract is funded the anticipated outcomes are:

- The Authority will receive quality mechanical engineer consultant services for Capital Fund Program construction.
- The Authority will be able to comply with all Federal, State and City Codes and Regulations.
- The Authority will provide a safer and efficient service to residents.
- Residents will have opportunity for training and employment.

WHO BENEFITS
Residents benefit from having appropriate mechanical engineering consultant services for all contracted and in-house construction work. Poorly designed capital improvements run the risk of code violations. Residents also benefit by the Authority's ability to respond quickly to emergency situations.

BUDGET CONSIDERATIONS

Funding for this contract is immediately available within the 2001 and 2002 Capital Fund Programs. The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ). After the most-qualified firm is selected, the hourly billing rates and reimbursable expenses are negotiated. As there is no price competition between the responding firms, the hourly billing rates are not confidential:

Senior Engineer	$100
Project Manager	$ 95
Project Engineer	$ 95
AutoCAD Designer/Drafter	$ 85
Technician	$ 75
Accounting	$ 75
Administration	$ 55

These negotiated rates are very competitive and compare favorably to the hourly rates for other Authority engineering consultants.

RESIDENT EMPLOYMENT

Mechanical Solutions has agreed to hire public housing residents to meet or exceed the 25% requirement established by Commission Resolution No. 4967 for non-construction contracts that exceed $50,000. They have met with the Authority's resident hiring specialist to seek out and interview qualified Authority residents for job opportunities in their office for surveying assistants, technical trainees and/or administrative assistants. They are willing to participate with other Authority architect and engineer consultants to provide more extensive training for selected residents, and they will provide over 375 hours of full-time employment of public housing residents for this contract.

MBE/WBE STATUS

Mechanical Solutions is an economically disadvantaged, local Minority Business Enterprise certified by the San Francisco Human Rights Commission. It has a diverse workforce in its office and has provided an Affirmative Action Acknowledgement form that meets the requirements of Executive Order 11246.

RECOMMENDATION

I recommend approval of this Resolution.

(Prepared by Barbara Smith and Steve Haines, Housing Development and Modernization Department)

RESOLUTION NO._____
DATE ADOPTED: _____

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH MECHANICAL SOLUTIONS TO PROVIDE MECHANICAL ENGINEER CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $150,000

WHEREAS, the San Francisco Housing Authority (Authority) requires a consultant who can provide mechanical engineering consultant services on an as-needed, task assignment basis; and

WHEREAS, the contract with the current mechanical engineering consultants has expired; and

WHEREAS, the Authority has programmed capital work funded with the 2001 and 2002 Capital Fund Programs which will require mechanical engineering consultant services; and

WHEREAS, Mechanical Solutions has been selected through the Request for Qualifications process as the most qualified firm for this work; and

WHEREAS, funding is available within the 2001 and 2002 Capital Fund Programs budgets; and

WHEREAS, the procurement process for this contract meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1 "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws, and has been reviewed and approved by HUD.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a two-year contract with Mechanical Solutions to provide Mechanical Engineer Consultant Services on an as-needed, task assignment basis for all developments in a total amount not-to-exceed $150,000.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Carl L. Williams

CARL L. WILLIAMS, General Counsel

Date: 12-5-02

REVIEWED BY:

GREGG FORTNER, Executive Director

Date: 12/5/02

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